The Impact of Ownership Structure on Corporate Financial Strategy
CASE STUDY ON KUWAIT ENERGY EGYPT

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Abstract

The study aims to investigate the effect of ownership structure on the financial strategy of Kuwait Energy Egypt, so it used a descriptive-analytic approach to analyze data from 2014 to 2022. Ownership structure was measured by the percentage of shares held by foreign investors, while financial strategy was measured by the debt-to-equity ratio and total borrowing to equity. Additionally, the study applied ROE and ROA ratios to assess the efficiency of investment in various assets and the rate of return.

The study found that ownership structure has a statistically significant impact on the financial strategy of Kuwait Energy Egypt, with the debt-to-equity ratio being affected by ownership structure. In addition ownership structure has a statistically significant impact on profitability measured by ROE and ROA. And in light of the results reached: The following recommendations can be made: Shareholders should take into consideration the effects of new shareholders. The new shareholders bring technical know-how and additional capital for the business. These should improve corporate financial strategy. Additionally, the new shareholders reduce the level of risk held by the existing shareholders. However, the actions of the new shareholder could diminish performance.

Keywords: Ownership Structure, Ownership Concentration, Financial Strategy, Kuwait Energy Egypt.

المستخلص

تهدف الدراسة إلى معرفة تأثير هيكل الملكية على الإستراتيجية المالية لشركة كويت إنرجي مصر، لذلك تم استخدام المنهج الوصفي التحليلي لتحليل البيانات من عام ٢٠١٤ إلى عام ٢٠٢٢. وتم قياس هيكل الملكية بنسبة الأسهم التي يملكها المستثمرون الأجانب، في حين تم قياس الاستراتيجية المالية من خلال نسبة الدين إلى حقوق الملكية وإجمالي الاقتراض إلى حقوق الملكية. بالإضافة إلى ذلك، طبقت الدراسة نسب العائد على حقوق المساهمين والعائد على الأصول لتقييم كفاءة الاستثمار في معدل العائد على الأصول.

وتوصلت الدراسة إلى أن هيكل الملكية له تأثير ذو دلالة إحصائية على الاستراتيجية المالية لشركة كويت إنرجي مصر، حيث تتأثر نسبة الدين إلى حقوق الملكية بهيكل الملكية. بالإضافة إلى ذلك، فإن هيكل الملكية له تأثير ذو دلالة إحصائية على الربحية التي يتم قياسها من خلال العائد

على حقوق الملكية والعائد على الأصول. وفي ضوء هذه النتائج تقدم الدراسة مجموعة من التوصيات أهمها أنه يجب على المساهمين الحاليين للشركة أن يأخذوا في الاعتبار تأثيرات المساهمين الجدد. حيث يجلب المساهمون الجدد المعرفة الفنية ورأس المال الإضافي للشركة. بالإضافة إلى ذلك، يعمل المساهمون الجدد على تقليل مستوى المخاطر التي يتحملها المساهمون الحاليون. ومع ذلك، فإن تصرفات المساهم الجدد يمكن أن تقلل من الأداء لشركة كويت إنرجي مصر.

الكلمات المفتاحية: هيكل الملكية/ تركز الملكية/ الإستراتيجية المالية/ شركة كويت إنرجي مصر.

1. Introduction:

A firm's ownership structure is important in gauging its market value. However, this variable is not solely dependent on the initial investments made in the firm, but other factors such as the firm's financial structure, its dividend policy and governance complement in adding value to the firm. The various ownerships structures that exist are broadly categorized into foreign ownership, government ownership, institutional ownership, and individual ownership. These structures have major impacts on the financial performance of firms in either positive or negative way. (Kazemian & Sanusi, 2015)

In general, corporate governance is fundamental in the general profitability of firms; a strong corporate governance system delivers a strong financial performance of a corporation. This statement, however, does not hold in relation to the agency costs in corporate governance. These costs arise from problems such as conflicts of interests between shareholders and the managers within a corporation. (Yang et al., 2008)

Managers in several instances hold the major decision-making rights within the firm which often do not match the expectations of the shareholders who make up the ownership of these businesses. The conflicts stemming from agency problems are not only between the shareholders and the managers but also among the shareholders themselves. (Desender, 2009)

Studies by (Jensen's and Meckling's, 2019) have provided discernments which have helped in the development of models which have facilitated an understanding that, ownership structure is not only important in identifying how much of the company is owned by insiders but is also significant in ascertaining the concentration of the proportion owned by outsiders. A trendy belief is that a large number of shareholders is better positioned in monitoring the management of firm's financial resources than a small number of the same as they are in better position to save on the diseconomies of monitoring costs in addition to large voting rights to influence corporate decisions. (Al Amosh & Khatib, 2022)

In recent decades, there has been widespread interest and debate regarding the focus of financial strategy on determining capital structure to increase firm value (Irawati et al., 2021; Baihaqi et al., 2021; Pathak et al., 2021; Alghifari et al., 2022). This is due to the increasing role of financial strategy in companies, especially in developing countries (Kostini and Raharja, 2019). Financial strategy looks at the financial impact of strategic decisions at the corporate and business level and identifies the best financial actions. This provides a competitive advantage by reducing funding costs and raising funds flexibly to support business strategy (Wheelen et al., 2018). Due to the wide range of financing possibilities, financial decisions have become more difficult.

Also, in the Thirties of the last century, there were topics that occupied administrative and academic thought, represented in maintaining liquidity, bankruptcy protection, corporate reorganization to avoid financial hardship problems, and how to preserve capital through the application of sound administrative and financial systems, and writings began to shift from descriptive style and attention to the definition of financial issues to analytical method and machinery, buildings, furniture) and short-term in current assets such as (Cash, arrest papers). (Wheelen et al., 2018)

At the same time, the choice of financial strategy and the policy of profit distribution appeared, so financing was shifted from the point of view of an external investor in large industrial companies (oil, iron and steel, insurance, and banks) to how the company's management makes managerial financing decisions. (Bender, R, 2013)

2. Review of literature

2.1 Ownership Structure:

2.1.1 Concept of ownership structure:

The ownership structure begins to form from the moment of agreement between the founders of the Public Joint-Stock Company, where at the beginning, like any other project, the Joint-Stock Company is just a concept or an idea of one of the founders, and then it is studied from a technical point of view well, and if it turns out that the idea has feasibility from an economic point of view, the founders do all the necessary procedures in order to turn this idea into reality, then after that the steps of forming the ownership structure are completed through the IPO, and after the IPO is completed and the shares are distributed, the ownership structure becomes complete. (Saona et al., 2020)

There are many definitions of the ownership structure, as it can be defined by one of the following:

A. "Owners of the company who are united by a common legal framework and goals and whose ownership is distributed in certain proportions".
B. "Distribution of ownership of the company's shares among the categories of shareholders".
C. "The set of categories to which the company's profits are distributed according to the share ownership ratios".
D. "It is the identity of the shareholders of companies and the composition of the owners in terms of their nature, nationality and percentage of ownership in the company".(Saona et al., 2020)

The researcher defines the ownership structure as:"how to distribute the shares of companies to shareholders in terms of the nature of the shareholders and the proportions of their ownership of shares".

2.1.2 The importance of studying the ownership structure:

Some economists have been interested in the issue of separating the ownership of the company from its management, considering that sometimes the management is not at a high level of efficiency, or that the management works for its own benefit without taking into account the interests of shareholders; which requires strong control over the management of the company. (Ananzeh et al., 2023)

For example, a study (Garcia et al., 2011) tested the impact of ownership on the reputation of companies in Spain, and the study found that the concentration of ownership in the hands of large shareholders at the expense of investors leads to a decrease and erosion of the company's reputation, and a study (Liu, 2019) indicated that institutional ownership has an important role in reducing problems and reducing the actions of opportunistic management, in addition to the role of this type of ownership in the activation of governance mechanisms, reducing the state of asymmetry Information between market investors and the company's management.

2.1.3 Reasons for changing the ownership structure:

There are a number of reasons why there are significant and tangible changes to the ownership structures of companies, the most important of which are the following: (Alqatameen et al., 2020).

A-maximizing wealth: Maximizing wealth is the main goal of investors, and this will prompt investors to look for ambitious investment opportunities, and for this purpose some investors may give up their investments or sell their shares in a particular company in exchange for buying shares in another company.

B-privatization of public sector companies: Privatization of the public sector is one of the most important reasons for the significant changes in the ownership structure of Public Joint Stock companies, especially in light of the trend of most countries of the world to a free market economy and the privatization of public sector companies since the mid-Eighties of the last century.

C-poor corporate performance: Poorly performing companies usually see a lot of changes in their ownership structures; this is mainly due to the desire of investors or large owners to turn to more profitable investments.

2.1.4 Forms of ownership structures:

The study of forms of ownership structures is one of the most important parts when dealing with corporate ownership in general; theoretical and applied studies have proven that there are significant effects of forms of ownership structures on both the performance of companies and their disclosure of information, and the following figure illustrates these forms. (Saona et al., 2020)

A. **Family ownership:**

Family ownership means "the proportion of ordinary shares owned by family members in the company out of the total value of shares". Family-owned companies can gain their fame from the family's fame, or vice versa, the family gains its fame through the fame of the company that bears the family name. Family businesses are often closed to their owners. it should be noted that there may be control only over the company through the family, but it is not required that the family owns 100% of the company's shares. (Richardson et al., 2016)

It should be noted that family-owned companies are common in both developed and developing economies, with family-owned companies accounting for about 90% of companies in the United States of America, in Western Europe, families control approximately 44% of companies, while families control more than two-thirds of companies in East Asia. (Phung et al., 2016)

A number of recent studies indicate that family-controlled companies are more valuable and perform better than non-family companies; the interests of directors are naturally aligned with the interests of their owners; the reason for this is that the owners of these companies are their managers at the same time, and it was found that family-controlled companies in the Standard & Poor's 500 index (Standard & Poor's 500) outperformed non-family-controlled companies by 6.65% in return on assets and return on equity (ROE). (Ben-Nasr, 2015)

Based on data collected from 435 large companies in 12 European countries, it was found that family ownership is positively correlated with the market value and profitability of companies, and in this framework studies have also found that the sustainable presence of family management creates a good and strong reputation that makes family managers monitor the company's management and maximize profitability and financial performance.

In theory, unlike the agency theory, the supervision theory-which researchers have recently become more interested in - holds that shareholders often act as executives and observers of the company's performance in family businesses; because they consider the company an extension of themselves, and they consider that the continuity of the company's strength is related to their concern for the company and their proper management of it. (Saleem Salem Alzoubi, E, 2016)

On the other hand, a number of other studies have focused on the negative effects of family ownership on financial performance, as these studies believe that family companies have an unprofitable and relatively inefficient corporate form; this is because the shareholder family mainly works to achieve its own interests and goals, which are likely to conflict with the rest of the minority shareholders, besides, family companies often appoint some shareholders to executive and managerial positions, and these shareholders may lack the necessary expertise, which negatively reflects on the financial performance of the company. (Saleem Salem Alzoubi, E, 2016)

B. Concentrated ownership:

Ownership and control here are in the hands of a small number of owners, and control here is either through owning most of the company's shares and, by extension, most of the voting rights, or through owning a special type of shares that give greater voting rights compared to others, and these companies are characterized by reducing the likelihood of abuse of power by management, and this pattern exists in some countries of Asia, Africa and Europe except Britain. (Kazemian, S., & Sanusi, Z. M, 2015)

Concentrated ownership helps to solve the problems of dispersed ownership significantly, as the company's performance increases with the control of large owners over the management, but despite this there are several benefits of ownership dispersion, the most important of which are a greater degree of liquidity in the market and better risk diversification.

Concentrated ownership is carried out in one of the following two ways: (Kautsar, 2019)

First: direct ownership structure (horizontal) "Direct Ownership Structure.

It should be noted that the existence of a set of mechanisms in direct ownership structures helps shareholders to enjoy voting rights without owning shares or enjoying rights that do not match their ownership shares in companies, such as the multi-class stock system (Differential Voting Rights), the main feature of multi-class voting ownership structures is the issuance of several classes of shares with different voting rights while shares according to the Company Law Egyptian law No. 159 of 1981, allowing the granting of certain types of shares included a set of privileges, including voting privileges.

Second: indirect ownership structures "Indirect-Ownership Structure.

It is formed through the ownership of company shares by major shareholders indirectly through intermediary companies between major shareholders and the owned company.

Legal variables are one of the most important variables surrounding joint-stock companies that lead to the existence of concentrated ownership structures.the strength of the legal system that is applied and ensures the protection of shareholders 'rights leads to the spread of dispersed ownership structures and the absence of concentrated ownership structures, while the weakness of the legal system and its inability to protect shareholders' rights leads to the existence of a spread of concentrated ownership structures. Egypt is one of the highest Arab countries with a concentration of ownership, and this is clearly evidenced by the increase in shares owned by the three largest shareholders in many companies. (Pellicani, & Kalatzis, 2019)

The researcher believes that the main conflict of interests is not between small shareholders and senior managers as much as between controlling and non-controlling shareholders; therefore, the researcher believes that it is necessary to focus on the opportunities and benefits of controlling shareholders, and prevent the exploitation of small shareholders at the same time.

C. Government ownership:

Government ownership of some companies can sometimes be preferred, especially in cases where the government is developing and financing projects that are difficult for the private sector to invest in, in addition to strategic industries, while private ownership is preferred over government ownership in the event that the costs resulting from government interference in the company's decisions are greater than the benefits that will be achieved from its intervention, or in the case of nepotism and corruption. (Elgergeni et al., 2018)

D. administrative property:

Management ownership can be defined as: "the ratio of ownership of board members and executives", and management ownership is significantly characterized by its ability to clearly and directly influence the decision-making process in the company. (Lepore et al., 2018)

E. Ownership of major shareholders:

It can be defined as: "the percentage of ownership that exceeds 5% of the company's shares, whether they are from inside or outside its board of directors," and some studies believe that increasing the percentage of ownership of large shareholders increases control over the company; which, of course, leads to a higher quality of the company's profit, but this form of ownership is plagued by a decrease in the quality of disclosures, and an increased likelihood of exploitation by large owners of small owners in order to achieve higher profits. (Khan & Nouman, 2017)

F. Institutional ownership:

Institutional ownership is defined as: "the sum of shares owned by institutions and companies to the paid-up capital of the company", it should be noted that these institutions are often banks and insurance companies; therefore, they have sufficient experience in using financial reports for financial analysis purposes compared to individuals. (Javeed & Lefen, 2019)

Corporate ownership in companies contributes to a significant level of control over directors and board members, in addition, there is a positive relationship between corporate ownership and concepts related to corporate governance rules. (Qa’dan & Suwaidan, 2018)

There are three scenarios that can occur in the case of corporate ownership, the first of which is: the ownership institutions of the company take an active and effective role in monitoring the performance and work of the company, and this translates into an improvement in the company's performance, the second is that the institutions that carry out the investment process are aimed at short-term investment, and in this case there is sometimes laziness about monitoring the company's performance, and the third is that the company's decisions are directed in proportion to the ownership institutions at the expense of small owners.this scenario often occurs in emerging markets where the interests of small shareholders are not protected as in other developed countries. (Alabdullah, 2018)

The researcher believes, based on the three scenarios previously presented, that the impact of corporate ownership on the performance of companies gives different results, which vary depending on the study cases.

G. Foreign ownership:

Foreign ownership can be defined as: "the control of a business or a natural resource in a country by individuals who are not citizens of the country or by companies based outside this country". In general, foreign ownership occurs when multinational companies make long-term investments in a foreign country, most often this investment is direct. (Kao et al., 2019)

Companies with foreign ownership are characterized by a better level than companies with local ownership. companies with foreign ownership tend to perform all tasks and supervision and control processes with a high level of effectiveness through frequent audit and reporting procedures.according to the theory of knowledge, it is expected that foreign investors have more experience and knowledge than local investors, which in turn improves the quality of corporate reports and reduces the phenomenon of information asymmetry. (Utama et al., 2017)

Foreign investors can exercise their supervisory role over local companies directly or indirectly, direct control comes by using the right to vote in order to influence management decisions, and indirect control is by threatening to withdraw their investments in local companies. (Liu & Bai, 2022)

2.1.5 Determinants of concentration of corporate ownership structures:

The ownership of companies is influenced by a set of accounting and legal determinants, in addition to being influenced by the characteristics of those companies such as financial decisions and the size of companies, including those determinants:

A-Taxes: Taxes clearly affect the choice of shareholders for the form of ownership structure, progressive taxes, for example, negatively affect the concentration of ownership and Make Investors reduce the level of their ownership; and then increase the number of owners, and quite the contrary in cases where taxes are low, as evidenced by the orientation of individuals to tax-advantaged assets such as tax-exempt bonds. (Iwasaki et al., 2022)

B-transparency (disclosure): Disclosure affects the choice of the form of the ownership structure in one way or another.from the perspective of external investors, a company with high-quality disclosure is a good opportunity to invest; there is a better vision of the company and a low level of information asymmetry, as for large shareholders in the company, there are fewer benefits and benefits with an increased level of disclosure; which sometimes pushes them to reduce their level of ownership in the company. (Almashhadani & Almashhadani, 2022)

C-audit infrastructure and auditors ' competence: The audit infrastructure reflects a set of laws, standards and legal institutions aimed at controlling auditors.the strength of the audit infrastructure and the efficiency of the auditor are reflected in improving the credibility of financial reports and increasing their expression of the economic performance of companies. Here is the desire of some shareholders not to concentrate their ownership and the prevalence of dispersed ownership structures; to reduce the special benefits that large shareholders receive, especially when viewed in a utilitarian manner. (Al Amosh & Khatib, 2022)

2.2 Financial Strategy:

2.2.1 STRATEGIC FINANCIAL MANAGEMENT:

All organisations require financial management for its successful operations. It contains components for the acquisition, management, allocation and financing of resources for successful growth of an organisation. Every organisation should manage its finances effectively in order to attain its mission and goals. Recently, the fields of strategic management and financial management combined together to evolve a new discipline, namely Strategic Financial Management. (Zhang, 2009)

Strategic Financial Management refers to the study of finance with a long-term perspective which takes into account the strategic goals of the enterprise. Strategic Financial management is a management approach which makes use of various financial tools and techniques in order to come up with a strategic decision plan.

The Chartered Institute of Management Accountants of UK (CIMA) defines strategic financial management as “the identification of the possible strategies capable of maximizing an organization’s net present value, the allocation of scarce capital resources between competing opportunities and the implementation and monitoring of the chosen strategy so as to achieve stated objectives (Zhang, 2009)

2.2.2 NATURE OF STRATEGIC FINANCIAL MANAGEMENT:

The important characteristics of Strategic financial Management are the following: (Reta et al., 2018)

A. It is concerned with the long-term management of fund with a strategic perspective.
B. It aims at maximisation of profit and wealth of the concern.
C. It is both structured as well as flexible.

D. It promotes growth, profitability and existence of the firm in the long run and maximises shareholder value.
E. It is an evolving and continuous process that constantly tries to adopt and revise strategies in order to achieve strategic financial objectives of the firm.
F. It involves an innovative, creative and multidimensional approach for finding solutions to the problems.
G. It helps to formulate appropriate strategies and facilitates constant monitoring of action plans to match the long term objectives.
H. It makes use of analytical financial techniques with qualitative and quantitative judgment on factual information.
I. It is result oriented combining of resources, especially of financial and economic resources.
J. Strategic financial management offers a number of solutions while analysing the problems in the organisational context.

2.2.3 The Concept and Essence of Financial Strategies:

The basis for financial strategies in companies is selection of a suitable option of financing of operation in consideration of opportunities and threats which occur in the market and proper assessment of strengths and weaknesses of this activity. (Lukasik, 1998) Important component of financial strategy is making decisions concerning optimization of the capital structure and asset management.

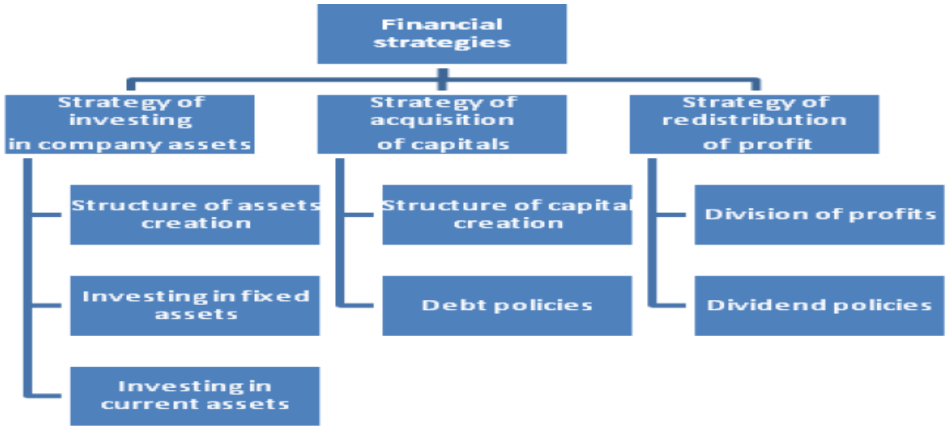
As suggest K. Ward and T. Grundy, financial strategy should not simply be equated with corporate finance as it addresses a range of issues which interrelate financial markets and also competitive strategies. Financial strategy should take into account such issues as: (Otola, 2011)

1. The need to reflect the expectations and aspirations of shareholders, particularly in strategic decision-making and in the ongoing management of financial performance. This suggest that organization should pursue activities and behaviours which are directly targeted at adding to corporate value. This requires that the specific risk associated with different strategic options are properly taken into account.

2. The requirement for financial plans to reflect both short and long-term goals – and accordingly reflect the full resource requirements of achieving those goals.
3. The need to take into account life-cylce effects. For instance, the maturity of the organization may have a bearing on its most appropriate capital structure, as will the level of financial sophistication which is acceptable to the financial markets from which financing is being raised.

Financial strategy distinguishes between the following decisions areas (see Fig.1):

- Strategy of investing in company assets,
- Strategy of acquisition of capitals (structure of capital, debt policies),
- Strategy of redistribution of profit (division of profits, dividend policies).



(Fig. 1) Financial strategy distinguishes between the following decisions areas

Source: (Otola, I, 2011)

Investment is the allocation of capital to competing investment opportunities. The financing decision is concerned with determining the optimal capital structure for the corporation. The dividend decision determines the proportions of earnings paid to shareholders, and the proportion retained and reinvested in the corporation. Assuming that the objective of the corporation is to maximize shareholder value, the firm should strive for an optimal combination of the three interrelated decisions, solved jointly. (Van Horne, 1992)

The investment decision at its most fundamental level determines whether the corporation will grow in size, be relatively stable, or possibly shrink.

Table (1) Examples of Different Financial Archetypes

Investment decisions	Financing decisions	Dividend decisions
High growth opportunities requiring continual and substantial investment.	Firms may exhaust internal sources of funds and rely on external markets for additional funds. Following the 'pecking order' debt will be preferred to external equity	Dividend policy is set as a residual policy
Low growth opportunities Requiring moderate amounts of investment.	Internal funds may be adequate to fund investments. Leverage will be used to lower tax payments and optimize firm value.	A policy of regular and increasing dividends is Established. The prospects for the future and the 'dividend clientele' may determine whether the dividend is low or high
	Little need for external finance. Debt ratios could be expected to decline for firms with intangible assets.	Dividends payments are high, medium, or low depending upon profits. Little or no changes in the dividend over time
No growth opportunities requiring little or no investment.	Profitable firms with tangible assets may add leverage to reduce taxes.	High profits and an optimal use of leverage result in high dividend payments along with stock repurchases
Investment may be wasteful and have negative NPV.	Low profit firms may compensate with higher levels of debt to prop up ROE.	Low-profit firms may use debt to support a higher level of dividends than is warranted by cash flow. They continue to pay high dividends to avoid the 'negative signals'.
	Highly profitable firms may be able to fund projects internally	No growth, low profits, and leverage forces the firm to lower or eliminate dividends.

Source: (Slater & Zwirlein, 1996)

The subject literature, except for financial strategies, also provides the concept of strategy of financing. However, this concept is much narrower than financial strategies and should be perceived as its component. Strategy of financing encompasses issues concerning the methods of financing of fixed and current assets. According to A. Tokarski, strategies of financing should take into consideration financial and material processes which occur in the company. It is wrong to consider only financial processes since capital strategy is then obtained instead of the strategy of financing. (Tokarski, 2007)

The author defines strategy of financing as a program of long-term activities which considers financial standing of the company, factors of macroenvironment and competitive environment and decisions connected with acquisition of short-term and long term funds as well as allocation in components of assets, which contributes to achievement of the adopted goal of the company.(Tokarski, 2007)

The strategy of financing defined in this way includes only a part of issues connected with management of company finances. Therefore an integral part of general strategy should be financial strategy since it takes into consideration all the areas connected with company finance.

Financial strategy should stimulate decision-making connected with assets and liabilities in companies. In particular, it should include activities in the area of finance, which, through formation of suitable proportion and relationships between financial streams and between components of assets and sources of financing, stimulate feedbacks and allow company for achievement of far-reaching visions.

Financial strategy is something more than financial planning and management of cash resources, as its essence is continuous dialogue between the strategies and demand for capital. Each company formulates its capital needs individually. Decision on selection of specific sources of finance and their level depends on individual features of particular companies, which include: (Owusu and Badu, 2009)

- Internal characteristics of the company, i.e. level of capital intensity, opportunity of flexible formation of the structure of production or services, ability to adapt the company to changeable conditions of company environment.

- Market position of the company, i.e. opportunities of formation and execution of own pricing policies and the level of competitiveness.
- Phase of development, attitude towards threats and the level of acceptance of different levels of risk.

As suggests (Calandro & Flynn, 2007) in the strategy considering as long-term activities related to mutual relation between enterprise assets and the sources of their deriving, it is possible to distinguish two streams: financial and property.

The goal of financial strategy is to make decisions concerning both assets and liabilities in the company. Financial strategy should allow for: (Calandro & Flynn, 2007)

1. selection of tangible and intangible assets according to the following principles:
   A. Principle of effectiveness of resources, i.e. use of assets with ability to create value and elimination of the assets which waste this value.
   B. Principle of considering of assets with minimum, which impact on the decrease in general effectiveness of assets.
   C. Principle of considering of the life cycle, usefulness of assets for changing vision.
2. Integration of finances with other areas through feedbacks which cause synergy effects.

2.2.4 Elements of Financial Strategies in Companies:

Each company formulates their capital needs individually, in consideration of certain financial strategy. A prerequisite for selection of a particular strategy is determination of goals, methods of achievement of these goals through use of available financial resources in consideration of limitations and opportunities, both internal and those related to company environment. The following stages can be distinguished within formation of the strategies: (Bender, 2013)

A. Finding and assessment of the problems related to the strategy to be solved.
B. Setting goals.
C. Pointing to a set of coordinated actions towards problem solving.

D. Determination of mechanisms to control execution and assessment of the effects.

However, during the process of formation of financial strategies, one can distinguish the stages, which are connected with decisions of financial nature and concern: (Zhang, 2009)

A. Detailed determination of capital needs in the company during different phases of its existence.
B. Detailed analysis of available financial resources.
C. Detailed analysis of potential sources of finance in companies, offered by the market and closest environment.
D. determination of the most rational structure of financial sources under the given conditions in consideration of the costs of acquiring of all the involved sources of related risk and benefits which result from selection of different capital.
E. Assessment of the selected sources of finance from the standpoint of enhanced profitability during company's operation and ensuring dynamic development.

2.2.5 Principles of financial strategies:

In order for achievement of goals to match the assumptions, other elements of financial strategies must be prepared and implemented. Financial strategies should be based on certain principles which define the conditions and the methods of creation, division and spending financial resources necessary for company's operation. Subject literature highlights three groups of principles in financial strategies: (Sofat & Hiro, 2015)

- Principles of relationship between capital and property.
- Principles of relationship between revenue and risk.
- Principles of financial decision-making.

Principles concerning formation of relationships between the structure of capital and the property are implemented in the form of balance indexes and they are connected with maintaining financial stability. Principles which concern revenue/risk relationship are connected with decisions concerning the level of risk, degree of financial liquidity and achievement of particular benefits. Principles which relate to financial decisions constitute generalization of behaviours by investors and entrepreneurs in the problems of management considered from the standpoint of finances (Table 2). (Grundy et al., 2022)

Table (2) Principles of financial strategies

Principles concerning capital/property relationships	
Golden rule of financing	Required equity/outside capital ratio should not be lower than 1.
Golden rule of balancing	Fixed assets should be financed with the equity, since it is permanently connected with the company (narrower approach) Fixed assets can be financed with constant capital, which includes equity and long-term outside capital (broader approach).
Principles concerning revenue/risk relationships	
Principle of maintaining financial liquidity.	Value and structure of capitals involved in the company should be conducive to maintaining its liquidity.
Principle of maintaining suitable risk level	Protection against excessive risk means maintaining suitable amount of equity in the company
Principle of effectiveness of financing	Points to the necessity of formation of such combination of the sources of finance at which cost of capital is lowest and the company value is greatest.
Continue Principles concerning revenue/risk relationships	
Principle of maintaining financial independence	Means maintaining the level of debt which does not cause that donors of outside capitals overtake control of key decisions in the company.
Principle of formation of optimal view of financing	Defines maintaining the structure of financing which is perceived and assessed positively by the environment of the company.
Principles of financial decision-making	
Principle of being selfish	Investors, during decision-making, are driven by their own financial interest and take into consideration lost benefits which they would get if they took other initiatives.
Principle of aversion to risk	Investors prefer initiatives with higher return rates and lower risk.
Principle of diversification	Constitutes the basis for building investment portfolio, with striving for maximization of return rate and minimization of risk. Diversification is achieved through connecting of securities with different return rate and different risk.
Principle of bilateral transactions	Means the need for acceptance of transaction by the involved parties since they often have different negotiation power.

Principle of increase in risk	Effectiveness-focused account does not include all the costs and benefits connected with a particular activity but only the incremental values whose values can be influenced by investors.
Principle of signals	Information sent through other economic entities might positively or negatively impact current and future financial standing since individual investors are characterized by willingness or aversion to risk or they interpret the signal in different way.
Principle of efficient market	Assumes that capital market is efficient. Market participants have equal access to all significant information and they respond to the signals immediately.
Principle of risk/return rate relationship.	Economic decision-making focuses on selection between the level of risk and the expected risk.
Continue Principles concerning revenue/risk relationships	
Principle of the value of ideas.	Average ideas ensure average profits whereas great profits are obtained through execution of new ideas which also involve higher risk levels.
Principle of selection.	Consists in higher flexibility and enhanced opportunities of selection of future activities, however it involves higher expenditures.
Principle of behavior.	During business activity it is useful to make use of experience of other enterprises, which does not mean that ready solutions should be transferred 'mechanically'.
Principle of 'time is money'	Money has different value in time. Money received earlier have higher value due to opportunities of additional revenue on investment, lower risk and higher purchasing power.

Source: Researcher preparation

Knowledge of the principles of financing allows for making of proper financial decisions during formation of financial strategies. Selection of specific principles is connected with company's operation and should take into consideration the conditioning from the environment of this company.

2.2.6 AIMS OF THE FINANCIAL STRATEGY:

The primary aim of a financial strategy is to enable the delivery of the organisation's overall strategy.

Factors that need to be considered include: (Doss et al., 2012)

- The nature, level and balance of the organisation's sources of income.
- The organisation's exposure to volatile income streams.
- The organisation's cost base, especially its overhead costs.
- The financial structure and staffing of the organization.
- The organisation's financial management policies, systems and processes.
- The organisation's relationships with key financial stakeholders.

Another important factor to consider when developing a financial strategy is the organisation's financial autonomy i.e. the extent to which it is able to influence its own activity and funding (e.g. through generating income or setting the Council Tax rate) as opposed to having to perform certain activities or having less control over the funding it receives.

As well as the benefits noted on the previous page, a financial strategy also benefits the organisation in a number of other ways. (Bandy, 2018)

Table 3: Aims of the financial strategy

Helping to scrutinise, challenge and improve the organisation's overall strategy.	• Exploring how the organisation's strategy can be achieved from a financial perspective. • Identifying potential difficulties or contradictions in the organisation's strategy and its implementation. • Acting as a practical constraint or moderating factor on the organisation's strategy.
Improving the organisation's financial resilience	• Helping to maintain and improve the organisation's financial solvency and/or liquidity • Increasing the value and diversity of income from public, commercial and other sources • Enhancing the organisation's ability to manage financial risk effectively
Enhancing the organisation's financial capacity and capability	• Helping to elucidate key financial principles within the organisation, e.g. balanced budgets, limits to borrowing, use of reserves • Providing clarity around the cross-subsidy of different activities • Promoting financial awareness across the organisation • Acting as a basis for monitoring the financial health of the organisation • Demonstrating financial probity and accountability
Helping the organisation to make better use of its resources	• Informing the allocation of resources to departments, teams and activities. • Helping to generate funds for future investment • Promoting and demonstrating the achievement of value for money
Co-ordinating financial activity across the organisation	• Acting as a financial reference point for the organisation • Helping to co-ordinate financial and other activities across the organisation • Enabling the flexibility required to respond to changing circumstances or to short-term opportunities

Source: (Bandy, 2018)

3. Research Problem:

Determining the best structure is one of the most important decisions taken by the enterprise, because of its direct impact on achieving its goals and practicing its various activities, and it concerns the trade-off between the sources of financing available to the enterprise, whether property funds or debt funds, whether long-term, medium-term or short-term sources, and the choice of those sources that contribute to reducing costs and maximizing the value of the enterprise.

The concept of Finance has developed significantly over the past two decades this development has been one of the necessary prerequisites to overcome the existing challenges facing businesses (Bender, 2013). These two decades have been characterized by increased competition, increased inflation, and increased direct and indirect government intervention in economic activity, as well as by tremendous technological progress and great social responsibility in business enterprises. Therefore, the survival of the enterprise itself in the field of business has become dependent on the efficiency of its financial strategy to meet these challenges.

The financial problems of business enterprises are how to allocate financial resources between allocated expenses and investments, how these enterprises obtain the necessary financial resources to cope with expansions in production and finance the purchase of equipment, machines, machinery, etc.

Choosing the appropriate financial strategy for the establishment, including searching for sources of financing, choosing between them, and deciding between the most appropriate mix for the establishment that suits its current and future needs and is consistent with its various goals and policies, is a very complex process and requires outstanding efficiency in the management of the establishment.

The research problem focuses on the extent of the possibility of applying and practicing ownership structure in the Oil and Gas sector and its impact on the financial strategy for the companies especially for this vital and important sector for the Egyptian economy.

From the above, and by familiarizing the researcher with a set of previous studies, the researcher can formulate the problem of the research in the following questions:

- What are the determinants of ownership structures in the Kuwait Energy Egypt Corporate?
- What are the indicators for measuring the financial strategy in the Kuwait Energy Egypt Corporate?
- What is the nature of the relationship between ownership structures and financial strategy in the Kuwait Energy Egypt Corporate?
- What obstacles can occur when improving the financial strategy in the Kuwait Energy Egypt Corporate?

4. Research Objectives:

The research seeks to achieve the following objectives:

- To investigate the impact of strategic ownership structure on the financial strategy in the Kuwait Energy Egypt Corporate.
- To ascertain the relationship between corporate ownership structure and the achievement of organizational goals.
- To determine the effect of changes in the business environment on financial strategy.
- Reaching some results and presenting some recommendations and suggestions that can contribute to achieving the maximum possible benefit from the study Impact of ownership structure on the financial strategy.

5. Research Hypotheses

Considering the study problem and its objectives, most of the hypotheses were formulated in the form of null hypothesis and therefore the hypotheses can be formulated as follows:

The main hypothesis:

1.”There is no statistically significant impact of ownership structure on the of financial strategy in the Kuwait Energy Egypt Corporate".

Sub-hypothesis:

1/1”There is no statistically significant impact of ownership structure on the of financial strategy in the Kuwait Energy Egypt Corporate measured by **debt-to-equity ratio".**

1/2.”There is no statistically significant impact of ownership structure on the of financial strategy in the Kuwait Energy Egypt Corporate measured by **short- and long-term borrowing-to-equity ratio".**

2."There is no statistically significant impact of ownership structure on the profitability in the Kuwait Energy Egypt Corporate".

Sub-hypothesis:

2/1"There is no statistically significant impact of ownership structure on the of financial strategy in the Kuwait Energy Egypt Corporate measured by **return on equity(ROE) ratio".**

2/2"There is no statistically significant impact of ownership structure on the of financial strategy in the Kuwait Energy Egypt Corporate measured by return **on assets(ROA) ratio".**

6. Research Importance:

Despite the multiplicity of previous foreign research and studies and books that dealt with the topic of ownership structures and financial strategy separately: previous studies lack what combines the two topics together, as far as the researcher is aware, and this increases the importance of this current research by linking ownership structures and financial strategy.

The topic of ownership structures is one of the most important topics that have received great attention from those interested in this field, as well as the topic of financial strategy, while both are considered one of the most important measures of the progress of countries and the development of their economies.

Therefore, the importance of research from the scientific perspective is that the current research will be an extension of previous studies that have been done before in this field, and therefore the Arab library will enrich this fertile field.

Each country is distinguished by its economic and development policy from other countries; this development policy requires the development of rules and outlines for it, represented in the planning of development projects according to the needs and financing capabilities of the country, and no matter how diverse the projects are, they need funding in order to grow and continue their lives, as finance is considered the For members of society by improving the living situation.

Therefore, it has become a duty and necessary for oil and gas companies in Egypt to strongly move towards improving their financial strategy and to direct and harness all its potential to identify the factors affecting their ownership structure.

7. Research Methodology

7.1 Research Philosophy

The researcher relied on the Descriptive method as the most widely used approach in the social sciences, as this approach relies on collecting data from realistic conditions, complete clarity in the methods of collecting primary data, and lack of control over the research environment; this was done through an applied study, where the researcher collected data on research variables, and then subjected the collected data to appropriate statistical analysis methods in order to achieve the research objectives and test the validity of his assignments.

As for the philosophy of research, the researcher relied mainly on Positivism or what is also called Deterministic philosophy, which focuses on constructed theories and their application in the field, both for the independent variable (**ownership structure**), or for the dependent variable (**financial strategy**), as positivist philosophy is concerned with focusing on quantifiable observations that are analyzed statistically.

7.2 Research population:

This study will try to cover one company in selected oil companies which is Kuwait Energy Egypt. The oil companies are (Egyptian General Petroleum Corporation (EGPC), The Egyptian Natural Gas Holding Company (EGAS), Shell Egypt and Kuwait Energy Egypt). Kuwait Energy Egypt was selected as it is like the majority of the oil and gas companies in Egypt which change its structure so often to maintain the financial stream and to enable shareholders to consolidate their holdings under one entity. The company according to its report published on company website, 2015 changed its structure several times in 2011 and 2014.

7.3 Research Limitations:

- **Objective limits:**
  - The impact of ownership structure on the financial strategy was investigated directly without using any modified variables.
  - Impact of ownership structure on the financial strategy was investigated directly without using any intermediate variables.
  - Only Impact of ownership structure was considered as an independent variable on the financial strategy and profitability as dependent variables.
- **Spatial boundaries:** Which means the field of application, whether countries, sectors, or specific organizations, and then the field of

application in the current research was limited the Kuwait Energy Egypt Corporate.

- **Temporal limits: It** means the period in which the research data will be collected, and the researcher collected the data for this research in the period from 2015 to 2022.

8. The Statistical analysis:

8.1 Variables Measurement:

The Research depended on five variables to test the hypotheses, The following table shows these variables and their measures:

Table (4) the Variables of the Research and their Measures

Variables	Measures
Ownership Structure	Foreign Ownership
Financial Strategy	debt-to-equity ratio
	short- and long-term borrowing-to-equity ratio
Profitability	return on equity (ROE) ratio
	return on assets (ROA) ratio

Source: Researcher preparation

8.2 The Econometric Models Used:

Based on the hypotheses that have been formulated and the research model, four econometric models will be used to test the research hypotheses as shown below:

- $\mathbf{DER = \alpha_0 + \beta_1\ FO}$
- $\mathbf{SLB = \alpha_0 + \beta_1\ FO}$
- $\mathbf{ROE = \alpha_0 + \beta_1\ FO}$
- $\mathbf{ROA = \alpha_0 + \beta_1\ FO}$

Where:

- **FO:** Foreign Ownership
- **DER:** debt-to-equity ratio
- **SLB:** short- and long-term borrowing-to-equity ratio
- **ROE:** return on equity(ROE) ratio
- **ROA:** return on assets (ROA) ratio
- $\boldsymbol{\alpha_0}$**:** Constant
- $\boldsymbol{\beta_1}$**:** coefficients

8.3 The Statistical Methods used:

First: Descriptive statistics, represented by arithmetic means, standard deviations, upper and lower values in order to describe the Research variables.

Second: The Stationary Test to testing the stability of data and that the value of the variable doesn’t change with time.

Third: Regression Test: to identify the impact of the independent variables on the dependent variables in the Research model.

Fourth: Quality Tests of the Estimation Model will be run, especially Normality Test, Breusch-Godfrey Serial Correlation LM Test and Heteroskedasticity test.

8.4 Data Collection and Data Trends:

8.4.1 Data Collection:

The data used to estimate the econometric model was obtained from the financial statements of the company during the period (2014- 2022), except the foreign ownership structure which collected from ownership bulletin of the company.

8.4.2 Data Trends:

8.4.2.1 Debt to Equity Ratio Data

Compares a company's total liabilities with its shareholder equity and can be used to assess the extent of its reliance on debt. D/E ratios vary by industry and are best used to compare direct competitors or to measure change in the company's reliance on debt over time, the following figure shows Debt To Equity Ratio for Kuwait Energy Co during the period (2014-2022).

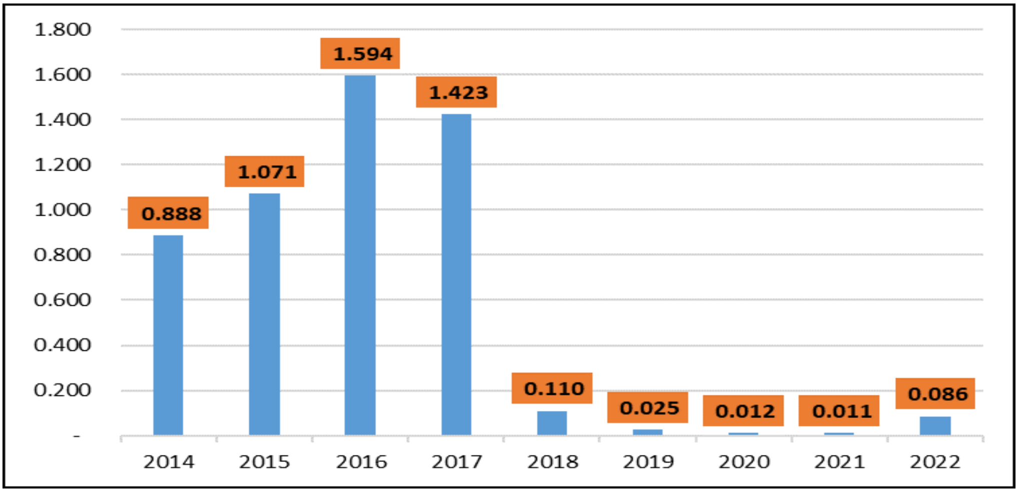


Figure (2) Debt to Equity Ratio for Kuwait Energy Co during the period (2014- 2022)

Source: by researcher depending on financial statements

It is clear from the previous figure a decrease from 0.88% in 2014 to 0.86 in 2022; this indicates good debt management in the company during the aforementioned period.

8.4.2.2 Short- and Long-Term Borrowing-To-Equity Ratio

Short term debt is any debt that is payable within one year. Short-term debt shows up in the current liability section of the balance sheet. Long-term debt is debt that are notes payable in a period of time greater than one year. Long-term debt shows up in the long-term liabilities section of the balance sheet. The following figure shows Short- and Long-Term Borrowing-To-Equity Ratio for Kuwait Energy Co during the period (2014-2022).

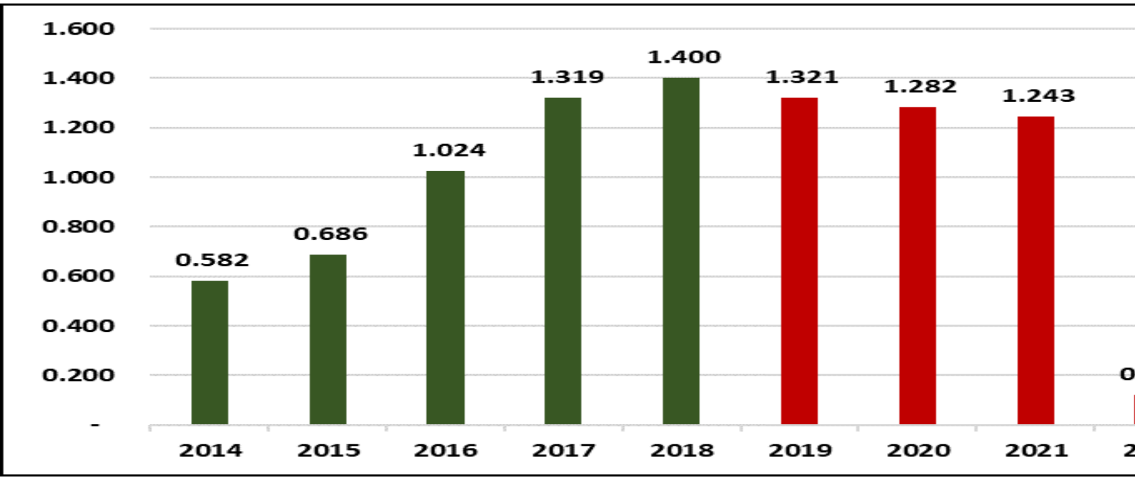


Figure (3) Short- and Long-Term Borrowing-To-Equity Ratio for Kuwait Energy Co during the period (2014- 2022)
Source: by researcher depending on financial statements

This indicator gives a general impression of the company’s management of its debts, in addition to being one of the indicators that can be used to identify the companies’ ability to fulfill their obligations to creditors. Data indicate an increase in the value of the indicator during the period (2014-2018), and a decrease in this percentage from 1.32% in 2018 to 0.121 in 2022. This indicates an improvement in the company's debt situation.

8.4.2.3 Return on Assets (ROA):

Return on assets is a profitability ratio that provides how much profit a company can generate from its assets. In other words, return on assets (ROA) measures how efficient a company's management is in earning a profit from their economic resources or assets on their balance sheet. The following figure shows Return on Assets for Kuwait Energy Co during the Period (2014- 2022).

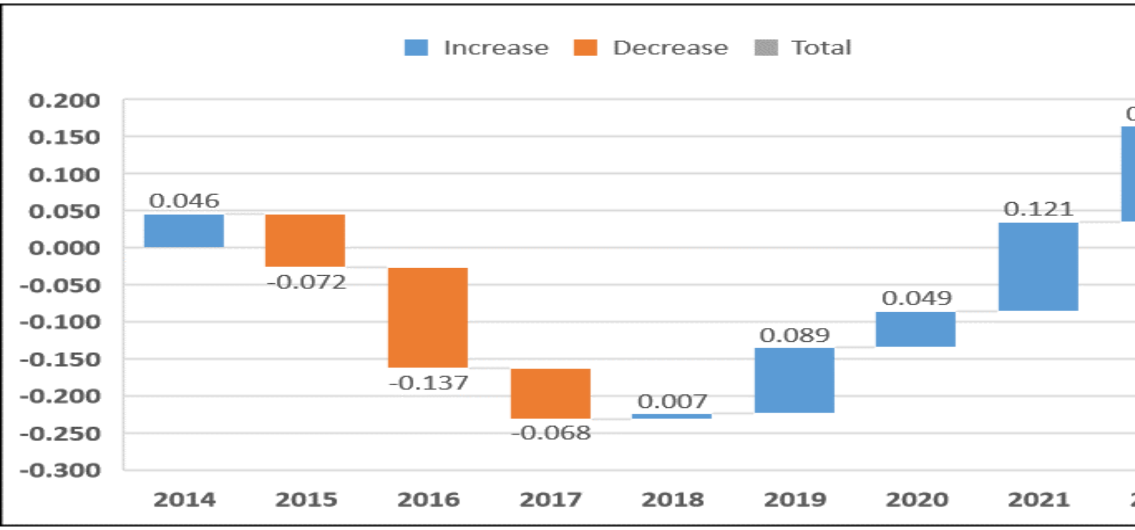


Figure (4) Return on Assets for Kuwait Energy Co during the Period (2014- 2022)

Source: by researcher depending on financial statements

The previous figure shows that the return on assets increased during the period (2018 - 2022). This ratio increased from 0.007 in 2018 to 0.130 in 2022, and this coincides with the company's improvement in managing its debts.

8.4.2.4 Return on Equity (ROE):

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. The following figure shows Return on Equity for Kuwait Energy Co during the Period (2014- 2022).

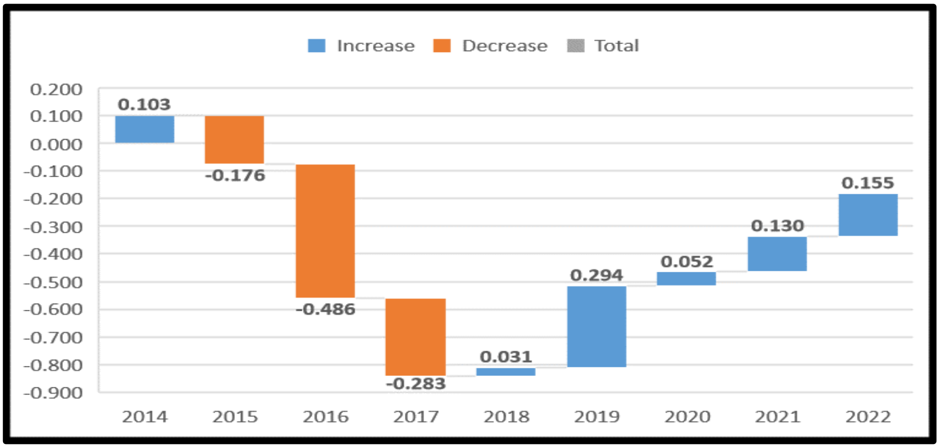


Figure (5) Return on Equity for Kuwait Energy Co during the Period (2014- 2022)

Source: by researcher depending on financial statements

The figure illustrates decreasing in return on equity during the period (2014 – 2017) from 0.103 to – 0.283, in contrast the indicator increased from 0.031 in 2018 to 0.155 in 2022.

8.4.2.5 Foreign Ownership (FO):

Foreign Ownership refers to the ownership of a portion of a country's assets (businesses, natural resources, property, bonds, equity etc.) by individuals who are not citizens of that country or by companies whose headquarters are not in that country.

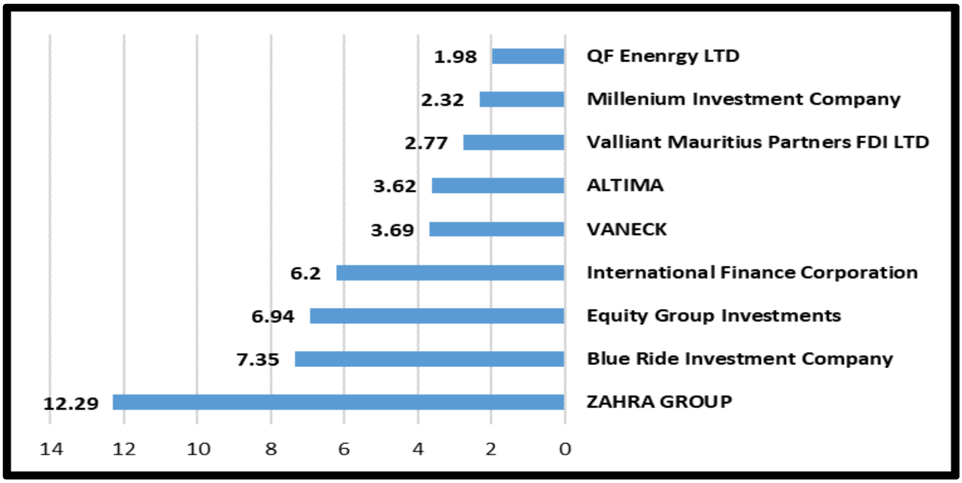


Figure (6) Foreign Ownership for Kuwait Energy Co in 2022
Source: by researcher depending on ownership Bulletins

The previous figure illustrates that Zahra Group owns 12.29% of Kuwait energy Egypt, and Blue Ride Investment Company owns 7.35%, and QF energy LTD is the last owner by 1.98 only.

8.5 Descriptive Statistics

The following table summarizes the descriptive statistics of Measuring variables during the period (2014- 2022); **it** shows mean, median, highest and lowest values, standard deviation, kurtosis, and skewness values.

Table (5) Descriptive Statistics of the Research Variables

	FO	DER	ROA	ROE	SLB
Mean	0.338062	0.580000	0.018333	-0.02000	0.570222
Median	0.306239	0.110000	0.046000	0.052000	0.582000
Maximum	0.609850	1.594000	0.130000	0.294000	1.400000
Minimum	0.182662	0.011000	-0.13700	-0.48600	0.000000
Std. Dev.	0.148860	0.660883	0.093260	0.246297	0.575100
Skewness	0.678340	0.471467	-0.36818	-0.71986	0.306177
Kurtosis	2.229769	1.504891	1.854023	2.444249	1.528396
Jarque-Bera	0.912690	1.171679	0.695814	0.893132	0.952723
Probability	0.633595	0.556638	0.706165	0.639822	0.621039
Sum	3.042555	5.220000	0.165000	-0.18000	5.132000
Sum Sq. Dev.	0.177275	3.494136	0.069580	0.485296	2.645918
Observations	9	9	9	9	9

Source: EViews Output

Table (5) shows that the mean for foreign ownership variable (FO) is 0.338, its lowest value is 0.18, and its maximum value is 0.60, with a standard deviation of 0.148; This indicates that the value of this variable changed only slightly during the mentioned period; this is evident from the decrease in the value of the standard deviation, in addition to the decrease in the range in which the data is traded.

The mean of (DER) varible is 0.58, while the lowest value is 0.011, and the highest value is 1.59; this reflects the big fluctuations in data relevant to this variable. Therefore, the standard deviation value is 0.660; this indicates that the value is away 0.660 from its mean on average.

Regarding (ROA), Its mean value is 0.018, while its lowest value is -0.137 and its highest value is 0.130; this means values move in a moderate range over the Research period. Therefore, the standard deviation of this variable is relatively low. As its value amounted to 0.09.

The mean of return on equity (ROE) variable is -0.020, while its lowest value is -0.486 and its highest value is 0.294 and standard deviation is 0.24

Concerning short and long Total borrowings to total Equity (SLB), its mean is 0.570, while the lowest value for this variable is 0.00, while the highest value is 1.40, and standard deviation is 0.575.

8.6 Stationary Test:

The stability test comes before the estimation of the econometric model; in order to detect whether the variables are stable or need to be treated, the stability of the time series is the first step in analyzing the data and examining the characteristics of the time series to avoid the false regression, Augmented Dickey-Fuller (ADF) test will be used to ensure the stability of the time series of the variables.

Table (6) Unit Root Test

Variable	Value at level	Value at the first difference	Value at the second Difference	Case
FO	0.5260	0.0732	0.0237	Stable at the second difference
ROA	0.7762	0.4808	0.0508	Stable at the second difference
ROE	0.3707	0.2265	0.0460	Stable at the second difference
SLB	0.0252	-	-	Stable at the level

DER	0.0435	-	-	Stable at the level

Source: EViews Outputs

Table (6) revealed that short and long term borrowing to total equity and debt to equity ratio has been stable at the level; where its value was less than 5%, while the rest of variables (ROA, ROE, FO) were stable at the second difference.

8.7 Testing Hypotheses:

This part shows the results of the estimated models, so we will discuss testing four hypotheses as shown below:

8.7.1 Testing the First Sub Hypothesis

This point tests the First Sub Hypothesis: "There is no statistically significant impact of ownership structure on the financial strategy in the Kuwait Energy Egypt Corporate measured by debt-to-equity ratio". To test this hypothesis; we will use the following model.

$$\mathbf{DER = \alpha_0 + \beta_1\ FO}$$

After Estimation, the model took the following equation:

$$\mathbf{DER = 1.163934 - 1.727302\ FO}$$

8.7.1.1 The significance and interpretation of model:

R^2 was 15.1%; this indicates that 15.1% of the changes in the dependent variable are due to changes in the independent variable. Regarding the significance of the model, the calculated F- Statistic value was less than the tabulated value, and the independent variable was insignificant.

8.7.1.2 Quality Tests of the Estimation process

- **Normality Test:**

It is necessary after estimating the econometric model to know whether the residuals follow a normal distribution; the Jarque-Bera test for the normal distribution of residuals shows this; the following figure show the results of the test.

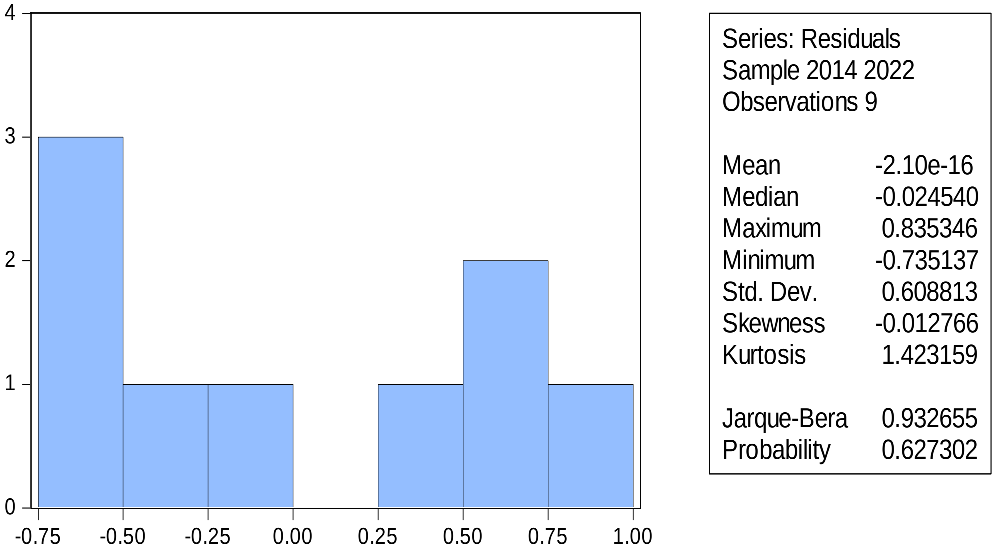


Figure (7) Histogram Normality Test
Source: EViews Output

P-value is estimated by 0.627, Which means p- value is more than 5%, which means that the residuals follow a normal distribution.

- **Heteroskedasticity:**

Heteroskedasticity results indicate that P-value is more than 5%; it reached 0.0028, which leads to the acceptance of the alternative hypothesis: "There is a difference in the variance between the residuals" and rejecting the null hypothesis: "There is no difference for the variance between the residuals".

Table (7) Summary of Econometric Tests

Econometric Diagnose	**Test Indicator**	**Significance**	**Treat**
Normality	Jarque-Bera	If p- value is more than 5%; it is Normal	P-value is 0.662
Hetroscedasticity	Breuch Pegan	If P>0,05; there is no problem	P- value is 0.0028; So there is a Hetroscedasticity

Source: by researcher depending on EViews Output

After these results, we accept the first sub hypothesis ""There is no statistically significant impact of ownership structure on the financial strategy in the Kuwait Energy Egypt Corporate measured by debt-to-equity ratio".

8.7.2 Testing the Second Sub Hypothesis:

To test the Second Sub Hypothesis "There is no statistically significant impact of ownership structure on the financial strategy in the Kuwait Energy Egypt Corporate measured by short- and long-term borrowing-to-equity ratio"; the following model will be used:

$$\mathbf{SLB} = \alpha_0 + \beta_1 \ \mathbf{FO}$$

After Estimation, the previous model took the following equation formula:

$$\mathbf{SLB} = 1.418160 - .908234 \ \mathbf{FO}$$

8.7.2.1 The significance and interpretation of model:

R^2 was 42.15%; this indicates that 42.15% of the changes in the dependent variable are due to changes in the independent variable. Regarding the significance of the model, the calculated F- Statistic value was more than the tabulated value, and the independent variable was significant at level 5%. This Results mean that every 1% change in ownership structure results in a 0.9% change in SLB variable.

8.7.2.2 Quality Tests of the Estimation process:

The following Table summarize the results of Econometric Tests

Table (8) Summary of Econometric Tests

Econometric Diagnose	Test Indicator	Significance	Treat
Normality	Jarque-Bera	If p- value is more than 5%; it is Normal	P-value is 0.474; so the residuals follow normal distribution
Hetroscedasticity	Breuch Pegan	If P>0,05; there is no problem	P- value is 0.2886; So there is no Hetroscedasticity

Source: by researcher depending on EViews Output

After estimating the model, we can refuse the second sub hypothesis ""There is no statistically significant impact of ownership structure on the financial strategy in the Kuwait Energy Egypt Corporate measured by short- and long-term borrowing-to-equity ratio".

8.7.3 Testing the Third Sub Hypothesis

This part tests the third Sub Hypothesis "There is no statistically significant impact of ownership structure on profitability in the Kuwait Energy Egypt Corporate measured by return on equity ratio (ROE)", to test it; we will use the following econometric model.

$$\mathbf{ROE} = \alpha_0 + \beta_1 \,\mathbf{FO}$$

After estimating the model, this model took the following formula:

$$\mathbf{ROE = -0.409712 + 0.831169\ FO}$$

8.7.3.1 The significance and interpretation of model:

R^2 was 52.11%; this indicates that 52.11% of the changes in the dependent variable are due to changes in the independent variable. Regarding the significance of the model, the calculated F- Statistic value was more than the tabulated value, and the independent variable was significant at level 5%. This Results mean that every 1% change in ownership structure results in a 0.83% change in ROE variable and the ownership structure has significant positive impact on ROE.

8.7.3.2 Quality Tests of the Estimation process

The following Table summarize the results of Econometric Tests

Table (9) Summary of Econometric Tests

Econometric Diagnose	Test Indicator	Significance	Treat
Normality	Jarque-Bera	If p- value is more than 5%; it is Normal	P-value is 0.635; so the residuals follow normal distribution
Hetroscedasticity	Breuch Pegan	If P>0,05; there is no problem	P- value is 0.1863; So there is no Hetroscedasticity

Source: by researcher depending on EViews Output

After estimating the model; we can refuse the hypothesis "There is no statistically significant impact of ownership structure on profitability in the Kuwait Energy Egypt Corporate measured by return on equity ratio (ROE)".

8.7.4 Testing the Fourth Sub Hypothesis

To test the Fourth Sub Hypothesis "There is no statistically significant impact of ownership structure on profitability in the Kuwait Energy Egypt Corporate measured by return on assets (ROA) ratio"; the following model will be used.

$$\textbf{ROA} = \alpha_0 + \beta_1 \textbf{ FO}$$

After estimating the model, the equation came as shown below:

$$\textbf{ROA} = -0.209166 + 0.804420 \textbf{ FO}$$

8.7.4.1 The Significance and Interpretation of Model:

R^2 was 62.36%; this indicates that 62.36% of the changes in the dependent variable are due to changes in the independent variable. Regarding the significance of the model, the calculated F- Statistic value was more than the tabulated value, and the independent variable was significant at level 5%. This Results mean that every 1% change in ownership structure results in a 0.80% change in ROA variable and the ownership structure has significant positive impact on ROA.

The following Table summarize the results of Econometric Tests

Table (10) Summary of Econometric Tests

Econometric Diagnose	Test Indicator	Significance	Treat
Normality	Jarque-Bera	If p- value is more than 5%; it is Normal	P-value is 0.668; so the residuals follow normal distribution
Hetroscedasticity	Breuch Pegan	If P>0,05; there is no problem	P- value is 0.5280; So there is no Hetroscedasticity

Source: by researcher depending on EViews Output

After estimating the model; we can refuse the hypothesis "There is no statistically significant impact of ownership structure on profitability in the Kuwait Energy Egypt Corporate measured by return on assets ratio (ROA)".

9. Conclusions:

1. The aim of this study was to investigate the relationship between ownership structure and corporate financial strategy as it manifests in the Kuwait Energy Company in Egypt. The study provided a theoretical literature review, which provided a background for the study. The study also reviewed the findings of studies performed in different contexts using different methodologies and different concepts. The empirical studies helped to construct the conceptual framework and hypotheses.
2. In the literature review section of the study, the constructs of the ownership structure were defined. The concept under consideration

was ownership concentration. The literature review provided a discussion of the parameters used to measure ownership concentration. The measures of performance were also discussed, along with the determinants. The study evaluated the traditional approaches to ownership structure and the theories that provide postulations of the relationship between ownership structure and corporate financial strategy. The agency theory maintains that higher ownership concentration reduces the negative effects of ownership concentration. The postulations were contradicted by empirical studies. The empirical studies found that there were negative actions by dominant shareholders. The studies postulated that diffused ownership and the introduction of different types of owners improved corporate financial strategy. The study also evaluated the concept of curvilinearity in relation to corporate financial strategy. The study found that the studies provided different results. The chapter concluded by providing the reasons for the differences in findings.

3. The methodology chapter provided a link between the theoretical and empirical literature. The literature review provided the basis for the development of the study's conceptual framework and research hypothesis. This link was used to determine the study variables and how to measure them. The research design was also specified, and a description of the study data and the method of collection were also given. The study sample was also identified in the methodology section. The approach for the data analysis was identified, and the reason for the choice was also specified.
4. According international energy Agency, global upstream investments in oil and gas exploration, extraction and production are on course to reach their highest levels since 2015, growing 11% year-on-year to USD 528 billion in 2023. Although Egypt is the largest non-OPEC oil producer in Africa and the second largest gas producer on the continent, the Egyptian energy sector is currently witnessing enormous challenges. It is important to notice that energy production has been dominated largely by fossil fuels. Egypt has never been a major oil producer, however, until the 1990s proven oil reserves were able to meet domestic demands. In addition, despite the well-established reputation of Egypt as a major regional producer and

exporter of natural gas, the country's current status with regard to natural gas is a reversal on all levels.

5. D/E ratios vary by industry and are best used to compare direct competitors or to measure change in the company's reliance on debt over time
6. Short term debt is any debt that is payable within one year. Short-term debt shows up in the current liability section of the balance sheet. Long-term debt is debt that are notes payable in a period of time greater than one year. Long-term debt shows up in the long-term liabilities section of the balance sheet.
7. Return on assets is a profitability ratio that provides how much profit a company can generate from its assets. In other words, return on assets (ROA) measures how efficient a company's management is in earning a profit from their economic resources or assets on their balance sheet.
8. Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets.
9. Foreign Ownership refers to the ownership of a portion of a country's assets (businesses, natural resources, property, bonds, equity etc.) by individuals who are not citizens of that country or by companies whose headquarters are not in that country.
10. that the mean for foreign ownership variable (FO) is 0.338, its lowest value is 0.18, and its maximum value is 0.60, with a standard deviation of 0.148; This indicates that the value of this variable changed only slightly during the mentioned period; this is evident from the decrease in the value of the standard deviation, in addition to the decrease in the range in which the data is traded.
11. The mean of (DER) varible is 0.58, while the lowest value is 0.011, and the highest value is 1.59; this reflects the big fluctuations in data relevant to this variable. Therefore, the standard deviation value is 0.660; this indicates that the value is away 0.660 from its mean on average.
12. Regarding (ROA), Its mean value is 0.018, while its lowest value is -0.137 and its highest value is 0.130; this means values move in a

moderate range over the study period. Therefore, the standard deviation of this variable is relatively low. As its value amounted to 0.09.

13. The mean of return on equity (ROE) variable is -0.020, while its lowest value is -0.486 and its highest value is 0.294 and standard deviation is 0.24
14. Concerning short and long Total borrowings to total Equity (SLB), its mean is 0.570, while the lowest value for this variable is 0.00, while the highest value is 1.40, and standard deviation is 0.575.
15. Accept the first sub hypothesis ""There is no statistically significant impact of ownership structure on the financial strategy in the Kuwait Energy Egypt Corporate measured by debt-to-equity ratio".
16. Refuse the second sub hypothesis ""There is no statistically significant impact of ownership structure on the financial strategy in the Kuwait Energy Egypt Corporate measured by short- and long-term borrowing-to-equity ratio".
17. Refuse the second sub hypothesis "There is no statistically significant impact of ownership structure on profitability in the Kuwait Energy Egypt Corporate measured by return on equity ratio (ROE)".
18. Refuse the hypothesis "There is no statistically significant impact of ownership structure on profitability in the Kuwait Energy Egypt Corporate measured by return on assets ratio (ROA)".

10.Recommendations:

In light of the theoretical and practical part of the study, which dealt with Impact of Ownership Structure on Corporate Financial Strategy CASE STUDY ON KUWAIT ENERGY EGYPT, and in light of the results reached: The following recommendations can be made:

- The empirical evidence in this study indicates that high ownership concentration results in positive but significant returns. This information is relevant to business owners, managers, and policymakers. The findings suggest that stakeholders need to take into consideration the agency's challenges. The stakeholders need to establish the possible effects of ownership concentration in their firms.
- Shareholders should take into consideration the effects of new shareholders. The new shareholders bring technical know-how and

additional capital for the business. These should improve corporate financial strategy. Additionally, the new shareholders reduce the level of risk held by the existing shareholders. However, the actions of the new shareholder could diminish performance. The actions include purposeful or unintentional actions geared at improving their interest in or excessive control over the managers. The business owners, particularly the dominant owners, should consider the positive and negative effects of retaining or reducing ownership concentration.

- For managers, the empirical findings of this thesis provide an understanding of the behaviour of different types of owners. The theoretical background of the study provides an explanation that can help the managers understand the actions and decision-making framework of the business owners. This knowledge helps the management prepare for the adverse effects of ownership concentration. The management is able to ascertain that the type of owner also affects performance. This will help them when seeking strategic investors. Working to increase the effectiveness of the Board of Directors in selecting and monitoring executive management and exercising their role in developing shareholders' wealth in a way that ensures a balance of interests between all parties.

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