Abstract

Purpose

The paper investigates the effect of ownership structure on the financial distress of firms listed in sub-Saharan Africa.

Design/methodology/approach

Using secondary data from 106 non-financial firms listed in 9 selected SSA countries from 2016 to 2021, the research using paired *t*-tests and conditional logistic regression model analysed a sample of 174 distressed observations matched with 174 non-distressed observations.

Findings

T-tests determined significant differences between distressed and non-distressed groups concerning institutional, foreign, and local ownership. Conditional logistic results established that institutional, foreign, and state ownership significantly reduce distress. However, managerial ownership does not influence financial distress while a significant positive relationship is observed between local ownership and financial distress.

Originality/value

This is the first study to investigate the influence of ownership structure, including local ownership, on financial distress in SSA, employing a unique methodology of matched design and conditional logistic regression analysis. Furthermore, the paper presents cross-country evidence from emerging frontier markets, highlighting the importance of governance frameworks in firms' stability.