International Journal of Business and Management Review
Vol.10, No.5, pp.117-136, 2022
Print ISSN: 2052-6393(Print),
Online ISSN: 2052-6407(Online)

Ownership Structure and Performance of Selected Quoted Manufacturing Companies in Nigeria

[1]Kazeem Toyin Cynthia
Department of Business Administration and Management, School of Business and Management Studies, Federal Polytechnic, Ile-Oluji, Ondo State, Nigeria

[2]Omole Ilesanmi Isaac
Department of Accountancy, School of Business and Management Studies, Federal Polytechnic, Ile-Oluji, Ondo State, Nigeria

Citation: Kazeem Toyin Cynthia and Omole Ilesanmi Isaac (2022) Ownership Structure and Performance of Selected Quoted ManufacturingCompanies in Nigeria, *International Journal of Business and Management Review*, Vol.10, No.5, pp.117-136

ABSTRACT: *This study evaluated the effect of equity ownership structure on the financial performance of selected quoted manufacturing companies in Nigeria. The focus of the evaluation is on the relationship between ownership structure variables (managerial, institutional and foreign) on firm performance (Return on Equity and Return on Asset). Data were collected for this study through secondary source for the period 2011 – 2020. 60 manufacturing firms listed on the Nigerian Stock Exchange were purposively sampled. Data were collected on variables such as institutional owners' equity, managerial ownership equity, foreign ownership equity, Total Assets, shareholders' fund and earnings after interest and tax will be collected from the Annual Reports of the companies. Data collected will be analyzed using tables, descriptive statistics, correlation and regression analysis. Also, the data collected were subjected to pooled General Least Square, Random and Fixed Effects regression model in testing the hypotheses of the study. It was discovered that all the variables i.e. (ROTA, ROE, MON, LEV, LASSET, ION, FON and AGE) had correlation coefficients that were very low and they are less than 0.9 having either positive or negative values. It was discovered that all the series show a high level of consistency being that their mean and median values are within the maximum and minimum values of the series. Too the deviation of the actual data from their mean value are exceptionally high, typically demonstrated by the relatively high value of the standard deviations. The study recommended that improvement should be made on corporate governance to focusing on sound equity ownership structure in order to attract foreign investors. Likewise, Industrial investors should emphasize the importance for the inclusion of institutional investors inclusion in companies,' ownership structures and collision between the directors and dominant shareholders should be prevented.*

KEYWORDS: ownership structure, performance, manufacturing companies, Nigeria

INTRODUCTION

The performance of an entity is of importance to shareholders and institutional investors Ahmed and Hadi (2017). Hence, it is the responsibility of business managers to ensure that corporate resources are optimized to ensure commensurate returns. Moreover, given that the going concern of an entity largely relies upon on its performance, managers are constraints to make investments in tasks and funding that are worthwhile. Despite the discretionary power of managers, the preference of investment regularly relies upon on the stage of resources on hand and the ownership of such investment fund. A firm may additionally source for fund internally or externally however, the utilization of such fund is typically accompanied with the interest of its provider. As evident in the literature, the composition of an entity's finance alternatively known as possession shape is important for management decisions. Therefore, the ownership structure of any organization is a serious issue affecting a company's monetary performance. A firm's ownership shape is composed of investors, monetary institutions, mutual funds, global firms, block holders, family members and managers (Kluiver, 2017). The influence of ownership structure on firm performance is derived from the agency theory. The separation of administration from control creates a "principal-agent problem" in which managers (agent) might make decisions that are not in the first-rate interest of the owners (principal). Managers may use non-public records for their advantage and act towards shareholders' interests and views (Mudi, 2017). This managerial opportunism, in which managers searching for self-interest via deceit, can prevent maximization of shareholder wealth. The economic overall performance of countless businesses has been basically related to their ownership structure due to the fact it offers financing via owner's equity. Generally, business companies are saddled with the assignment of generating returns. This accountability is indispensable due to the fact the capability of a company to create returns in a aggressive market mainly determines its capacity to continue to exist in the future. Bacha and Attia (2016) described company performance as a device that measures how well companies use their resources in generating returns, accordingly make it an indispensable tool to many stakeholders in a firm. Firm performance thus, is fundamental to any firm's survival and consistent patronage by means of potential and current investors, creditors, and different stakeholders in the world of business. However, the nature of possession shape a organization adopts is determined by way of the imaginative and prescient of the firm. According to Affan, Rosidiand and Purwanti (2017), ownership structure is decided by using the fairness distribution involving the votes, capital and the identification of the fairness owners. Thus, ownership structure of a firm has been a robust factor for company's firm performance. The effect of institutional, managerial and possession awareness on firm's financial overall performance proxied with the aid of book cost per share has been problem to be considered in this study. This thing has been widely studied in the developed economies and lately in rising economies, however was much less regarded in the Nigeria context. Meanwhile, there is little interest on the aspect of ownership structure on firm performance of the manufacturing firms in Nigerian. Some of the few recent researches in Nigeria in this area are those conducted by Alhaji and Sani (2018) Alsmady (2018), Adebiyi and Olowookere (2016), Adeniyi, Adeniyi and Olarewaju (2017), Anthony (2014) and that of Benjamin, Love and Dandago (2014) that focused on the effect of managerial and institutional shareholding components of

ownership structure on financial performance of the quoted financial firms between the periods 2001-2010. The government and regulatory bodies have been encouraging the restructuring of ownership structure of companies to increase profitability and efficiency as a way of handling the problem. The uncertainty on the outcome of these options may further make firms exposed to decrease in profits, due to existing uncompetitive ownership structure (Nora & Anis, 2015). The potential effect of merging institutional ownership, foreign ownership and managerial ownership structure and the consequent impact on the financial performance of manufacturing firms is a matter which has not received adequate convincing empirical attention in Nigeria.

Failure of many companies due to Managerial failures is of great concern while this could be attributed to poor of selection of managers/ directors who runs the affairs of the organization, directors overriding internal control system, taking high or irrelevant risk, lack of motivation, monitoring, and coercive measures against deviance from laid down rules. However, Multi-national enterprises have known for better performed compare to domestically owned firms (Aydin, Sayim & Yalama, 2007 & Adegbayibi, 2021). The last decade has witnessed increased levels of foreign Direct Investment in the developing and emerging economies like Nigeria which culminate to a high performance on foreign ownership of firms. Foreign owners are more likely to have the ability to monitor managers and give them performance-based incentives, lead the managers more seriously, and avoid behaviours and activities that undermine the wealth creation motivations of the firm owners. This is also evidenced in the transfer of new technology and globally tested management practices to the firm to enhance performance by reducing operating expenses and generating savings for the firm. Large acquisitions of a firm's share by foreign investor provide effective monitoring on the management.

Adegbayibi (2020) opined that as the volume of institutional holding rises, these owners will wield greater power and influence over senior managers' decision. This is because executives usually attend more to others on whom their outcomes are dependent; they are likely to pay more attention to those institutional owners who hold significant ownership positions in their companies for better performance. The question is how does increase in the volume of institutional holding wield greater power and influence over senior managers' decision for better economic performance? Hence, empirical studies on the effect of institutional ownership structure on the performance of Nigerian non-financial quoted companies have become an issue of extreme importance.It is in the light of the above problem that this study investigates the effect of equity ownership structure on the performance of listed Nigerian manufacturing companies.

This research work is expected to answer the questions such as how does foreign ownership structures influence financial performance of Nigerian quoted manufacturing companies? What is the effect of institutional ownership structure on financial performance of Nigerian quoted manufacturing companies? And to what extent does managerial ownership structure affect operating performance of Nigerian quoted manufacturing companies? And this justifies the academic relevance of this study as it will give observational prove as to whether sound equity ownership structure make firms more alluring to outside agents in coordinate extent to a rise in their corporate administration profile or not. Secondly, the ponder gives observational prove as to

whether ownership structure helps speculators in making astute financial choices with respect to speculation of their difficult earned cash. Moreover, this consider develops the understanding of the common open on administrative proprietorship impacts on the execution of the chosen companies.

Research Hypotheses

For the purpose of this research the following hypotheses were formulated:

Ho_1: There is no significant relationship between foreign ownership structure and the operating performance of Nigerian quoted manufacturing companies.

Ho_2: Institutional ownership structure has no relevance with operating performance of Nigerian quoted manufacturing companies.

$H0_3$: Managerial ownership structure has no relevance with operating performance of Nigerian quoted manufacturing companies.

LITERATURE REVIEW

Abosede and Kajola (2011), described ownership structure as the fraction of shares owned by a firm's most significant shareholders, with much attention given to the fraction owned by the five largest shareholders. Lawal, Agbi and Mustapha (2018) viewed ownership structure as a combination of concentrated ownership and large stockholdings by institutional owners for productivity. Uwalomwa and Olamide (2012) viewed ownership structure as decisions made by those who own or who would own shares. The study measured ownership structure as the composition of board ownership, institutional ownership and foreign ownership.

Financial scholars have propounded various theories to explain financial performance of an organization. These theories include: agency theory by Jenson and Meckling (1976), stewardship theory by Donaldson and Davis (1991), resource dependence theory by Barney (1986) and stakeholder theory-ST by Freeman (1994) theory. However, this study is hinged on stakeholder theory (ST). Stakeholder theory challenges the primacy assumption of shareholder interests and advocates that a company should be managed in the interests of its entire stakeholder (Freeman, 1994). The theory is based on the assumption that values are necessarily and explicitly a part of doing business and that managers need to articulate the shared sense of value they create to bring its key stakeholders together. The stakeholder theory argues that managers should make decisions to take account of the interests of all stakeholders in a firm including not only financial claimants but also employees, customers, communities and governmental officials (Aymen, 2014).

The impact of ownership structure on monetary performance has been generally studied and it created very alluring debate in accounting literature. This study overview some of the fundamental empirical research carried out both domestically and internationally involving the consequences of ownership structure on financial overall performance. Wahba (2014) studied the effects of commercial banks' financial performance and their ownership structure. She categorized them as foreign banks, domestic banks private banks and government banks. Using regression analysis, the

study focused on banks in which the top 10 shareholders hold more than 50% of the shares for the banks for the period between 2004 and 2008 in Kenya. Using Returns on Assets as the measure financial performance, the study showed that ownership structure had insignificant positive effect on financial performance. The findings also revealed that both state and private owned banks had a negative relationship with the financial performance. She emphasized that both foreign owned and domestically owned banks had a positive relationship with performance. The study hypothesized that state owned commercial banks perform miserably than the domestic or foreign commercial banks. The study concluded that broadly held banks perform and achieve better performance than closely held ones.

Similarly, Bricker and Markarian (2015) revealed the evidence of endogeneity of large firm's ownership structure in US using a linear regression of an accounting measure of returns. In that model, the measure of rate of returns was assumed to be the portion of shares owned by the first five largest shareholding interests. Their study found that there is no evidence of the correlation between the rate of profit and ownership concentration. Bao and Lewellyn (2017) in their study titled "ownership structure and firm performance," assessed the effect of ownership structure of shareholders and firm performance in a sample including 233 companies in the United States. Chung, Liu, Wang and Zykaj (2015) hypothesized that the ownership is regarded as multidimensional and as an endogenous variable, did not find significant statistical relationship between the ownership structure and firms 'performance. The researchers noted that the results of their research concurred with the view that, while the unfocused ownership may result in intensifying the agency problem, however, it has some benefits which may solve many problems. Furthermore, Dou, Hope, Thomas and Zou (2018) used a sample of 800 firms in eight East Asian countries in studying the effect of ownership structure on value during the region's financial crisis. The crisis impacted negatively firm's investment opportunities, raising the incentives of controlling shareholders to expropriate minority investors. The evidence is in line with the view that ownership structure plays an important role in determining whether insiders confiscate minority shareholders. In addition, using a sample of 144 Israeli firms, Davis (2014) found that Tobin's Q is maximized when control group vote attains 67%. This evidence is powerful when ownership structure is regarded as exogenous and weak when it is considered endogenous. Erin, Uwuigbe, Igbinoba and Jafaru (2017) addressed the question whether there is any empirical correlation between corporate performance and insider ownership. Using a data set of 245 Germen firms for the year 2003, they recorded evidence for a significant positive correlation between corporate performance, as represented by stock price performance and Tobin's Q as well as insider ownership. Elyasiani, Wen and Zhang (2017) evaluate the relationship between managerial ownership and performance of German SMEs with motivational hypothesis testing in their study. They made use of a sample of 356 companies in services sector that are linked with business in their study, for the years 2012 to 2016. The findings revealed that with managerial ownership, performance of companies had increased by 40 percent.

Moreover, Dadson (2012) in his study entitled "Relationship between institutional owners and informational content of profit" discovered evidences in relation with the monitoring role of institutional investors from the point of view that whether institutional ownership has influence on

the information content of reported profit. In that study, different attitudes were evaluated on institutional investors. In testing the correlation between information content of firms' returns and institutional ownership, two models of linear regressions were utilized. Based on the findings of his study, the number of institutional ownership does not increase information content of profit and may also degrade it. Furthermore, the number of institutional ownership does not reduce the information content of profit, but it is possible to increase it. Alsmady (2018) analyzed the "impact of ownership structure on corporate performance of quoted companies in Tehran Stock Exchange (TSE)". The main hypothesis of this research emphasized the existence of a significant relationship between ownership structure and performance. Research sample included 66 companies during 1382 and 1386. Statistical method used to test hypotheses in this research was "panel data". In this research, the ownership structure is divided into two institutional and private ownership categories that the private ownership also is divided into three categories including corporate, management, and external shareholders. The findings of this research indicated that there is a negative and meaningful relation between institutional ownership and firm performance and a positive and meaningful relation between the corporate ownership and firm performance. Managerial ownership has a negative meaningful influence on the performance and in the case of private ownership, no information indicating the ownership of external investors was observed in the sample companies. In the private ownership, it is also better that the main part of ownership is held by corporate investors. In general, there is a meaningful relation between the ownership structure and performance of the companies.

METHODOLOGY

This section describes the method employed in this study and procedure that will be adopted in the collection of necessary information. It includes Sources of Data, Population, Sample Size and Sampling Techniques, Model Specifications, Measurement of Variables, Data Analysis Techniques and Contribution to Knowledge.

Sources of Data

The source of data for the study is secondary data obtain from the annual financial reports of sampled companies as released by the Nigerian Stock Exchange over the period 2011 -2020.

Population, Sample Size and Sampling Techniques

The study will utilize data obtained from 60 manufacturing firms listed on the Nigerian Stock Exchange classification. The companies were classified according to the Nigerian Stock Exchange into the area of production which includes; automobiles and tyres, building materials, breweries, chemical and paint, conglomerate construction, computer and office equipment, food/beverages and tobacco, healthcare, industrial/domestic products, packaging, textile, printing and publishing, petroleum (marketing), footwear and accessories.

Sample of 60 companies which forms about 44% overall population size will be purposively selected based on availability of equity ownership structure information in their annual reports

over the period of 2011 – 2020. Manufacturing companies that have complete data on the Nigerian Stock Exchange (NSE) during the study period were qualified for selection. The selection of 2011 as base year is informed by the decline in contribution of quoted manufacturing companies to the country Gross Domestic Product (GDP) which began in the year 2011.
The selected 60 companies will cover fifteen sectors of the Nigerian Stock Exchange classification.

Model Specification

The general model specification is represented by the following equation:

$$PERF_{it} = \beta_{oi} + \sum_{it=1}^{n} \beta_i X_{it} + \varepsilon_{it} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{(1)}$$

Where

X_t= vector of independent variables of firms *i* at time *t*

β_i = coefficients of X_{it}

β_{oi} = firm-specific intercept representing unobservable individual characteristics

ε = error term

This model will be estimated using both fixed and random effects

The Fixed Effect

The fixed effect takes into account, the uniqueness of individual cross section by assuming fixed intercept (i.e. time invariant) in all the cross sections (firms) but uniform slopes in the time period as specified below;

$$PERF_{it} = \beta_{1i} + \beta_2\text{MON} + \beta_3\text{FON} + \beta_4\text{ION} + \beta_5\text{FSIZE} + \beta_6\text{AGE} + \beta_7\text{LEV} + \varepsilon_{it} \ldots\ldots\ldots \text{(2)}$$

Where

$PERF$ = ROTA and ROE of firms

MON = Managerial Equity Ownership

FON = Foreign Equity Ownership

ION = Institutional Equity Ownership

AGE = Log (2011-year of incorporation)

LEV = Long term debt/equity

FSIZE = log of total asset

The subscript *i* on the intercept suggest that the intercepts in the cross sections firms may be different due to management style, production function and marketing skill etc. But from equation (1), the slopes coefficients of the regressors do not vary over time and in the cross sections.

The Random Effect

The fixed effect regression captures the uniqueness of firms in equation (2) while assuming constant slope coefficient for the variables was due to lack of enough knowledge about the panel

model. However, another way to capture difference in individual firm is the random effect approach which expresses this ignorance through the error term ε_{it}.

Instead of treating β_{1i}, that is the intercepts as fixed, we assume that it is a random variable with a mean value of β_1. The intercept value for an individual company can be expressed as;

$\beta_{1i} = \beta_1 + \varepsilon_i$ i = 1, 2, 3…N. i.e capturing individual random intercept

Hence equation (2) can be expressed as thus;

$PERF_{it} = \beta_1 + \beta_2 \text{MON} + \beta_3 \text{FON} + \beta_4 \text{ION} + \beta_5 \text{FSIZE} + \beta_6 \text{AGE} + \beta_7 \text{LEV} + \varepsilon_i + u_{it}$

Defining $\varepsilon_i + \mu_{it}$ as $\ddot{v}_{it}$ the model becomes

$PERF_{it} = \beta_1 + \beta_2 \text{MON} + \beta_3 \text{FON} + \beta_4 \text{ION} + \beta_5 \text{FSIZE} + \beta_6 \text{AGE} + \beta_7 \text{LEV} + \ddot{v}_{it}$…(4)

The intercept value represents the mean value of all the cross sectional intercepts and the random components ε_i represent the random deviation of each intercept from the mean value. The Hausman test would be used to test the null hypothesis of random effect and the alternative hypothesis of fixed effect if the Hausman test is significant. This would enable us to choose from the two panel models which is more appropriate in explaining equity ownership and firm performance in the non-financial quoted companies in Nigeria

Generalized Method of Moments (GMM)

Generalized Method of Moments (GMM) estimator is robustness check on other common method of moments estimators such as ordinary least squares and two-stage least squares. If either heteroskedasticity or serial correlation is present, a generalized method of moment estimators can be more efficient than the fixed effects estimators. Generalized method of moments is convenient for estimating interesting extensions of the basic unobserved effects model, for example, models where unobserved heterogeneity interacts with observed covariates.

$PERF = \beta_1 + \beta_2 PERF_{(-1)} + \beta_3 \text{MON} + \beta_4 \text{FON} + \beta_5 \text{ION} + \beta_5 \text{FSIZE} + \beta_6 \text{AGE} + \beta_7 \text{LEV} + U$..(5)

Measurement of Variables

Dependent Variable

The dependent variable Performance used in this study was measured similarly to the one used by Syed et al., (2010) which have been widely embraced in the literature.

Return on Asset (ROTA) is measured as $\frac{\text{Operating Income}}{\text{Total assets}}$

Independent Variables

As for the independent variable, Equity Ownership Structure, used in this study was measured as the ratio of shares owned by the directors to the total number of outstanding shares in a company similarly to the one used by Syed et al., (2010) which have been widely embraced in the literature.

Managerial Ownership Structure = Shares Owned By Directors / Total No of Outstanding Shares

Foreign Ownership Structure = Total Equity Owned By Foreign Directors / Total No of Outstanding Shares

Institutional Ownership Structure = Total Equity Owned By Institutional Directors / Total No of Outstanding Shares

Control Variables

Beside Equity Ownership Structure, other factors can explain the variation in firm performance. Several control variables were introduced such as firm age, leverage and firm size.

AGE is taken as a proxy for the real age (AGE) of firms. It is calculated as the natural logarithm of beginning of year under review minus firm's year of incorporation.

AGE is measured as Log (2011 - year of Incorporation)

Leverage (LEV) is measured as Long Term Debts / Total Equity

Size (SIZE) is taken as a proxy for the real size (SIZE) of firms. It is calculated as the natural logarithm of total asset**.**

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This section deals with presentation, analysis and interpretation of data collected and analysed for the purpose of achieving empirical objectives of the study. Specifically, this chapter is the result of the empirical study of the Equity Ownership Structure and Performance of Selected Quoted Manufacturing Companies in Nigeria.

Table 4.1: Descriptive Statistics of the Data Series

	ROTA	ROE	MON	LEV	LASSET	ION	FON	AGE
MEAN	16.54	68.541	0.48	6886817	5007803	0.09	0.41	44.61
MEDIAN	13.48	26.08	0.51	507611	1117848	0.01	0.41	60
MAXIMUM	204.23	19901.3	0.86	2.42E+07	9.11E+19	0.58	0.92	78
MINIMUM	-12.39	-794.56	0.21	-3.42E+11	508	0.1	0	4.2
STD.DEV.	22.84	796.48	0.17	3.24E+12	7.31E+15	0.21	0.16	15.09
SKEWNESS	3.68	32.61	0.76	7.89	5.44	1.23	-0.28	0.57
KURTOSIS	28.33	589.57	2.88	91.23	31.86	7.22	0.89	3.09
JARQUE-BERA	14468.6	1.75E+11	89.16	310274.9	26081.53	751.7	54.91	39.16
PROBABILITY	0.02	0	0.01	0.01	0.01	0	0	0.02
SUM	14179.8	64854.3	376.25	4.22E+09	2.71E+08	46.88	286.44	40018
SUM SQ. DEV.	504138	6.64E+18	31.92	6.88E+21	5.37E+13	21.64	33.99	213885
OBSERVATION	670	670	670	670	670	670	670	670

Source: Field Survey, 2021.

It was discovered that the companies had on the average, a positive value of 0.48 for Managerial Ownership Structure (MON), 0.41 for Foreign Ownership Structure (FON) and 0.09 for Institutional Ownership Structure (ION). It was also found that companies' Return on Total Asset (ROTA) was 16.54 while Return on Equity (ROE) was 68.541. Also, a positive value of 44.61 for AGE, 5007803.00 for LASSET, 6886817.00 for LEV and the total number of observations in all situations is 670.The median was also computed and arrived at with MON having a positive value of 0.51, FON has 0.41, ION has 0.01, ROTA has 13.48, ROE has 26.08, AGE has 60.00, LASSET has 1117848.00, and LEV has 507611.00. It was also discovered that the maximum value of MON was 0.86 while the minimum value was 0.21, FON has a maximum value of 0.92 and a minimum

value of 0.00; maximum value for ION was 0.58 while the minimum value was 0.10; ROTA has a maximum value of 204.23, ROE has a maximum value of 19901.28 while they both have a minimum negative value of 12.39 and 794.56 respectively, AGE has a maximum value of 78.00 and a minimum value of 4.20, maximum value for LASSET 9.11E+19 was while the minimum value was 508.00; LEV has a maximum value of 2.42E+07 and a minimum negative value of -3.42E+11 respectively.The standard deviation of the companies which measures the extent to which they are scattered around the mean stood at 0.17 for MON, 0.16 for FON, 0.21 for ION, 22.84 for ROTA, 796.48 for ROE, 15.09 for AGE, 7.31E+15 for LASSET and 3.24E+12 for LEV respectively.Skewness on the hand measures the asymmetry of the distribution of the values around the mean which was arrived at as positive values for MON at 0.76, ROTA at 3.68, ROE at 32.61, AGE at 0.57, LASSET at 5.44 and LEV at 7.89while negative skewed values were also derived for FON at 0.28 respectively.

Also, the kurtosis which measures the peakness or the flatness of the distribution of a series in which 3.0 is the standard for normal distribution series; ROTA, ROE, MON, LEV, LASSET, ION, FON and AGE with values of 28.33, 589.57, 2.88, 91.23, 31.86, 7.22, 0.89, and 3.09 are all greater than 3.0 then the distribution is peaked relative to the normal, Being peaked means that very few observations within the region where the median resides. Where ROE was the most peaked variable, FON was the least peaked variable. On the other hand, only MON with 2.88 is less than 3.0 which shows the degree of flatness of the distribution of the series relative to normal. Jarque–Bera is another important statistical instrument that was used for the measurement of variables and is a test that is used for knowing whether a series is normally distributed or not and it also measures the difference between the Skweness and kurtosis of the series with that of the normal distribution. The statistical and p–values implies the presence or absence of normality in the distribution of all the variables. In this set of variables that was measured, all have values that is significantly greater than the p–value (p>0-05).

Also, the sum for MON was 376.25, FON was 286.44, ION was 46.88, ROTA was 14179.84, ROE was 64854.27, AGE was 40018.00; LASSET was 2.71E+08, while LEV was 4.22E+09.

In conclusion, Table 4.1 appears that all the series show a high level of consistency being that their mean and median values are within the maximum and minimum values of the series. Too the deviation of the actual data from their mean value are exceptionally high, typically demonstrated by the relatively high value of the standard deviations. The statistics appear that the series are positively skewed meaning that the dissemination incorporates a long right tail and in term of the peakness of levelness of the distribution of the series measured by the kurtosis, the table appears that the series are crested relative to the ordinary. The likelihood that the Jarque-Bera insights surpasses the watched esteem is moo for all the series.

Correlation Matrix

Whereas the descriptive output tells us about each set of data (i.e., the mean, standard deviation, and number of values for each variable), the correlation matrix in the output tells us how the variable are related. The table below shows the correlation matrix between the variables and

whether there is any relationship between them. This is necessary because the independent and dependent variables needs to be tested for multicolinearity. The table shows that the all the variables i.e. (ROTA, ROE, MON, LEV, LASSET, ION, FON and AGE) had correlation coefficients that were very low and they are less than 0.9 having either positive or negative values. This result showed that the variables are independent of each other and this means that the variables can be included and used in a regression analysis as independent variable without getting false results.

TABLE 4.2 CORRELATION MATRIX

	ROTA	ROE	MON	LEV	ION	FON	AGE	LASSET
ROTA	1.0000							
ROE	0.2112	1.0000						
MON	-0.0456	-0.0488	1.0000					
LEV	0.2471	-0.0089	0.0682	1.0000				
ION	0.0544	0.0084	-0.2319	-0.0542	1.0000			
FON	0.0069	0.0281	-0.7931	-0.0309	-0.4518	1.0000		
AGE	0.0273	0.0372	-0.0198	-0.0737	0.1614	-0.0694	1.0000	
LASSET	-0.257	-0.0203	-0.1437	0.0072	-0.0990	0.1814	0.0764	1.0000

Going by the summary of correlation matrix, Table 4.2 shows that return on total asset (ROTA) positively correlates with return on equity (ROE), leverage (LEV), institutional equity ownership (ION), foreign equity ownership (FON) and AGE of firm but negatively relates to managerial equity ownership (MON). This may suggest that the higher the returns on equity, LEV, ION, FON and age of firm, the higher the return on total asset (ROTA) of firm. The negative correlation of MON with return on total asset and Return on equity (ROE) of firm may suggest that the higher the total assets of the firm the less probable managers own equity share likely because foreign and institutional interest must have risen. Return on equity (ROE) positively correlates with ION, FON and AGE of firm. Managerial equity ownership (MON) was found to positively correlate with LEV but negatively relates with ION, FON, ROTA, ROE and AGE of the firm. Long term debt (LEV) was negatively correlated with ION, FON, ROE and AGE but positively correlated with ROTA and MON. This may suggests that long term debt are familiar with firms where managers equity ownership is large and interest from foreign and institutions may not be much. Institutional equity ownership (ION) showed positive correlation with firm age (AGE), ROTA and ROE but negatively correlates with FON, MON and long term debt (LEV) of firm. This might be a good indication that institutions are interested to invest more on firms whose ROTA, ROE and AGE (goodwill) are high.Foreign equity ownership (FON) positively correlates with ROTA and ROE but negatively correlates with LEV, MON and ION. This indicates that higher returns on equity and asset are good attraction of foreign investments in such firms but the more long term debt, the reduction of FON which would increase MON and ION ownership invariably.

Firm age (AGE) was discover to be positively correlated with ROTA, ROE and ION but negatively correlates with FON, MON and LEV. The AGE correlation may suggest that time matters in terms

of it might have added to experience of increasing returns on equity and assets besides been an attraction to institution investment destination. This may have ward of FON, MON and LEV because of experience to take advantage of market per time and sees institutions to be preferred investment. The correlation matrix showed some preliminary signs of variables but the interpretations of the correlation matrix should not be taken absolutely as their result have no other reliable empirical ground, hence further research or investigations of the association of these variable is needed. Concerning statistical significance of the correlation among variables, the correlation matrix table showed that managerial equity ownership (MON), foreign equity ownership and institutional ownership are correlated, but the correlation between other variables was quite low.

Table 4.3 Effect of Managerial Ownership (MON), Foreign Ownership (FON) and Institutional Ownership (ION) Structures on Performance of Selected Quoted Manufacturing Companies in Nigeria

DEPENDENT VARIABLES	ROTA		
	POOL(OLS)	FIXED EFFECT	RANDOM EFFECT
MON	-479.4865 (0.4090)	-375.6795 (0.4827)	-188.2160 (0.2985)
LEV	1.97E-07(0.0539) ***	-2.08E-08 (0.6807)	1.54E-08 (0.5225)
ION	-438.2221 (0.2858)	-324.5695 (0.3519)	-240.5784 (0.1088)
FON	-283.5613 (0.5348)	-276.3062 (0.5401)	-207.6074 (0.3959)
AGE	-0.04863 (0.5645)	-0.053406 (0.6735)	-0.068053 (0.6399)
LASSET	-2.591027(0.0000) *	-3.670305(0.0000) *	-4.064301(0.0000) *
INTERCEPT	58.04478 (0.0000) *	63.61639 (0.0000) *	56.35704(0.0000) *
R^2	0.046113	0.431722	0.058125
Prob(F-Statistics	0.000007*	0.000011*	0.000001*
Durbin-Watson STAT	0.787348	1.331751	1.2040112
Number of observation	670	670	670

*** Indicates significance @ 10% level, ** indicates significance @ 5% level, * indicates significance @1%

Source: regression results from E-views 9.0 (2021).

The result indicates that foreign equity ownership structure negatively affects firm performance in the selected manufacturing companies in Nigeria. The Durbin Watson statistics for return on total assets showed the presence of autocorrelation but the regression of return on equity shows no presence of autocorrelation. This shows that pooling the firms together and not taking into account their (firms) individual uniqueness shows that equity ownership in the selected manufacturing

companies negatively affects firms' returns on equity and returns on total assets. As for the effect of foreign equity ownership structure (FON and ION) the pool panel result indicates that FON and ION negatively affects ROTA in the selected manufacturing companies in Nigeria. The fixed effect model in table 4.3 shows results of ROTA. Taking into account the specific nature of the firms (60 firms) that is unique intercepts for the individual cross section firms (varying intercept across individual company) but allow uniform slope coefficient may produce unique results concerning how equity ownership of firms in the Nigerian selected manufacturing companies operates and in turn affects return on assets (ROTA). In table 4.3, the ROTA fixed effect model shows negative slope coefficient in MON, LEV, ION, FON and AGE, hence it depicts that equity ownership and other variables (LEV and AGE) negatively affect return on total asset (ROTA). This indicates that foreign equity ownership structure does not add to returns on total asset in Nigeria but a unit change in FON leads to 276.3062 decrease of returns on asset in quoted companies in the Nigerian selected manufacturing companies. This maybe because of their foreign affiliate and would want to concentrate assets into Nigeria.

However, the intercept was statistically significant and positively affects ROTA. The true differences in the intercepts may be due to unique characters of individual company the fixed effect model has taken care of. The ROTA fixed effect panel model explains 43% changes in ROTA with a joint significant f statistics but displayed weak individual t statistics. However, there was the presence of autocorrelation among the variables. The negative effect of equity ownership structure on return on assets shows that such structure does not add to determining increasing assets of these firms.It is worth noting that the individual statistical significant of the estimates are poor especially the three equity share ownership MON, ION and FON including AGE which were not statistically significant. However, the intercept and LASSET were statistically significant at 1% level and LEV at 10% level of significant. This overall statistical significant (F- statistic) showed that model one of return on assets (ROTA) is statistically significant which suggest that the overall model estimates in model can be relied on in explaining return on assets in the financial sector. These statistical significant results showed the uniqueness and variables in the model in explaining ROTA.

Table 4.4: HAUSMAN TEST FOR ROTA

Correlated Random Effects - Hausman Test				
Test cross-section random effects				
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.	
Cross-section random	11.664817	6	0.0814	
Cross-section random effects test comparisons:				
Variable	Fixed	Random	Var (Diff.)	Prob.
D(MON)	-349.179443	-238.416937	7161.423719	0.4029
D(LEV)	-0.000000	0.000000	0.000042	0.0241
D(ION)	-184.286513	-352.637352	2184.179148	0.5308
D(FON)	-366.316094	-135.807256	2371.506273	0.4614
D(AGE)	-0.069406	-0.061659	0.000083	0.3629
LOG(LASSET)	-3.726302	-4.051902	0.297814	0.0538

Source: Survey 2021

According to the Hausman test result that is presented in the Table 4.4, the Hausman null hypothesis of random effect model is appropriate and not to be rejected as the Hausman test is statistically significant (0.0814) at 10 per cent level of significant with chi-square value of 11.664817. Hence, the random effect model is appropriate in explaining firm performance (ROTA) and the difference between the fixed effect and random effect from the Hausman Test statistic showed that all the variables in random effect model were not significantly different from those of fixed effect model except for long term debt and size of the firm variables that their differences were significant. Therefore, the positive effect of long term debt on return on total asset found in the random effect model is to be taken instead of the negative effect envisaged from the fixed effect model.

Estimation Results for the Dynamic Generalised Method of Moments (GMM)

TABLE 4.5: ESTIMATION RESULTS FOR THE DYNAMIC GENERALISED METHOD OF MOMENTS (GMM)

DEPENDENT VARIABLES	ROTA GMM
ROTA(-1)	0.369418 (t=5.0782, p=0.0010)*
MON	750.0341 (t=12.3672, p=0.0012)*
LEV	-5.72E-07 (t=-4. 8527, p=0.0000)*
ION	744.5693 (t=14.5763, p=0.0006)*
FON	758.0569 (t=17.7356, p=0.0000)*
AGE	0.640728 (t=5.23179, p=0.0045)
LASSET	-5.478691(t=-6.5127, p=0.0000)*
SARGAN TEST	0.49163

* indicates @1% level of significance,
** indicates @ 5% level of significance,
*** indicates @ 10% level of significance.

ROTA= 0.369418($ROTA$)$_{-1}$ + 750.0341(MON) -5.72E-07(LEV) + 744.5693(ION) + 758.0569(FON) + 0.640728(AGE) -5.478691($FSIZE$)

The equation shows how passed value of ROTA ($ROTA_{-1}$), MON, LEV, ION, FON, AGE and FSIZE jointly affects return on total asset (ROTA) in the Nigerian Selected manufacturing companies as presented in table 4.12. The result depicts that pass values of ROTA positively affects its presents value, how MON, ION, FON, and AGE, whereas ROTA negatively affects FSIZE and LEV.

The reported J-statistics is simply the Sargan statistic (value of the GMM objective function at estimated parameters), and the instrument rank of 60 is greater than the number of estimated

coefficients (6). Testing the Sargan over-identifying restrictions with a null hypothesis that the over-identifying restrictions are valid, the Sargan statistics is distributed as;

$X(p-k)$ Where k is the number of estimated coefficients and p is the instrument rank. The p-value of 0.49163 for ROTA GMM computed using Scalar P values. The null hypothesis that the over-identifying restrictions are valid is not rejected since p-value tends towards 1.hence, the Sargan-Hansen test further shows that the instruments used in GMM models were a good representative and were not correlating with the error terms.

SUMMARY, CONCLUSIONS AND RECOMMENDATION

Summary

Decisions are made by investors based on the good financial performance and prospect of a company. Developed countries' capital market participants make decisions base not only on financial performance of companies but much more on the performance of the firm in relation to firm's proper leadership, meaning that Equity Ownership Structure become essential. In developing countries like Nigeria that is not the case because investors make decisions without seeking advice on efficient equity ownership structure of firms.

This study specifically analyzed the trend and pattern of managerial ownership structure, foreign ownership structure, institutional ownership structure on Selected quoted Manufacturing Companies in Nigeria.

Descriptive and inferential statistics analysed data gotten from annual reports and Financial Statements and Fact-book made available by the Nigerian Stock Exchange of these companies in order to achieve the objectives of this study.

Based on the empirical analysis, this study concludes that both managerial, institutional, foreign shareholding should be prioritized against ownership concentration manufacturing firms in Nigeria as this can increase the financial performance of the sector under investigation. This confirms to economic criterion, and could be supported by the work of Akinleye, Olarewaju and Fajuyagbe (2012); in which they were of the opinion that an increase in managerial, institutional, foreign ownership could lead to an increase in the financial performance of an organization due to positive effects shown by his empirical analysis. It is therefore concluded that, organization's financial performance is dependent upon its managerial, institutional ownership structures as high managerial shareholding can stimulate management of an organization towards increased efficiency. Therefore, ownership by managers may be seen as a system of aligning the interests of managers with those of the shareholders in a way that enhances corporate performance.

Recommendation and Policy Implication of the Study

The following recommendations are made based on the findings of the study:

In the first place, efforts should be made to improve corporate governance by focusing on sound equity ownership structure among Nigerian selected manufacturing companies since it makes companies more attractive to external investors in direct proportion to a rise in their corporate governance profile.

Moreover, Industrial investors ought to emphasize the require for institutional inclusion in companies, both in terms of equity ownership and noteworthy nearness on the board of executives to alleviate the organization issues, in this manner offer assistance to diminish the strife of intrigued between directors and shareholders. Too, the administration of Nigerian selected manufacturing companies ought to increment their organization owners since its control instruments would dodge collision between directors and dominants shareholders so as to anticipate the issue of confiscation.

It is imperative to recommend that: there is dire need to reasonably increase managers' shareholding of the quoted manufacturing firms in Nigeria as not only meant to increase the equity of the firms but as a way of motivating them towards increasing their operational efficiency. At the same time, the managers should be protected by the Board of Directors from unnecessary direct interference by other shareholders.

Conclusion of the Study

Going by the empirical analysis, the researchers conclude that managerial, foreign and institutional shareholdings have impact on financial performance in manufacturing firms in Nigeria. This confirms to economic criteria, and is in line with the study conducted by Fich, Harford and Tran (2015). They affirm that an increase in both institutional and managerial ownership could result to an increase in the financial performance of a firm due to positive effects shown by his empirical analysis.

It is concluded that managerial equity ownership (MON) of cited firms within the chosen manufacturing companies shifted among divisions on annually premise but the rate of managerial equity ownership made moderately upward development from 2011 to 2020. This might lead to expropriating the minority shareholders and fortifying viable checking of officials in taking great key choices for made strides corporate performance. Moreover, both outside and institutional ownership affected emphatically on Nigerian selected manufacturing firms return on resources essentially.

In conclusion, equity ownership structure affected positively on performance of Nigerian chosen manufacturing companies.

REFERENCE

Abosede, A. J., & Kajola S. O. (2011). Ownership structure and firm performance: evidence from Nigerian listed companies. *Corporate Ownership & Control*, 8(4), 391-400.

Adebiyi, W. K. & Olowookere, J. K. (2016). Ownership Structure and the Quality of Financial Reporting: Evidence from Nigerian Deposit Money Banks. International Journal of Economics, Commerce and Management, 4(1), 541-602.

Adegbayibi, A. T (2021). Intellectual Capital and Firm Performance of Listed Firms In Nigeria: Moderating Role of Corporate Governance. Department of Accounting, Faculty of Social and Management Sciences, Adekunle Ajasin University, Akungba Akoko, Ondo State, Nigeria. Jurnal Administrasi Bisnis Volume 10, Nomor 1, Maret 2021, pp. 1-12 P-ISSN: 2252-3294 E-ISSN: 2548-4923

Adeniyi, A. J., Adeniyi, O. J. & Olarewaju, B. T. (2017). Effect of Ownership Structure on the Quality of Reported Earnings of Quoted Conglomerate Companies in Nigeria. African Journal of Management, 2(3), 1-16.

Affan, W. M., Rosidi, S. E. & Purwanti, L. (2017). The Effect of Ownership Structure on the Quality of Financial Reporting of Manufacturing Companies Listed in the IDX. Imperial Journal of Interdisciplinary Research 3(7), 34 – 46.

Akinleye, G. T., Olarewaju, O. M., & Fajuyagbe, B. S. (2019). Corporate governance and financial performance: an empirical analysis of selected multinational firms in Nigeria. Problems and Perspectives in Management, 17(1), 11-18.

Alhaji, S. S. & Sani, G. (2018). Managerial Ownership and Financial Performance of Listed Manufacturing Firms in Nigeria. International Journal of Academic Research in Business and Social Sciences, 8(9), 1227- 1243.

Alsmady, A. A. (2018). Ownership Structure and its Endogeneity Effect on the Quality of Financial Reporting. International Journal of Academic Research in Business and Social Sciences, 8(3), 509–526.

Anthony A. (2014). An investigation of effect of ownership structure on financial performance of quoted companies in Nairobi Securities Exchange. Journal of Accounting and Financial Reporting, 5(4), 213-369.

Aymen, B. M. M. (2014). Impact of ownership structure on financial performance of banks: Case of Tunisia. *Journal of Applied Finance & Banking*, 4(2), 163-182.

Bacha, S & Attia, T. (2016). Ownership Structure, Financial Communication Quality and Debt cost: An Empirical Study of Tunisian Listed Companies. International Journal of Business and Financial Management Research, 4(6) 109-116.

Bao, S. R., & Lewellyn, K. B. (2017). Ownership Structure and Earnings Management in Emerging Markets: An Institutionalized Agency Perspective. International Business Review, 26(5), 828–838.

Barney, R. J. (1986). Resource-Based Theory: Creating and Sustaining Competitive advantage. Oxford: Oxford University Press.

Benjamin, K. G., Love, O. A., & Dandago, K. I. (2014). The impact of ownership structure on the financial performance in Nigerian Financial firms. Journal of Academic Research in Accounting, Finance, and Management Sciences, 4(3), 409-416.

Bricker, R., & Markarian, G. (2015). Institutional Investors and Insider Trading Profitability. European Accounting Review, 24(3), 495–518.

Bao, S. R., & Lewellyn, K. B. (2017). Ownership Structure and Earnings Management in Emerging Markets: An Institutionalized Agency Perspective. International Business Review, 26(5), 828–838.

Chung, C. Y., Liu, C., Wang, K., & Zykaj, B. B. (2015). Institutional Monitoring: Evidence from the F-Score. Journal of Business Finance and Accounting, 42(8), 885–914.

Dadson, S. (2012). Concentrated share ownership and financial performance of quoted companies in Ghana. Journal of corporate finance, 38, 235-364.

Davis, O. O. (2014). The effects of ownership structure on the financial performance of Kenyan quoted commercial banks. Unpublished Research Project, University of Nairobi.

Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, 4(3), 49-65.

Dou, Y., Hope, O.-K., Thomas, W. B., & Zou, Y. (2018). Blockholder Exit Threats and Financial Reporting Quality. Contemporary Accounting Research, 35(2), 1004–1028.

Elyasiani, E., Wen, Y., & Zhang, R. (2017). Institutional Ownership and Earning Management by Bank Holding Companies. Journal of Financial Research, 40(2), 147–178.

Erin, O. A. Uwuigbe, O. R., Igbinoba, E. E. & Jafaru, J. (2017). Ownership Structure and Financial Disclosure Quality: Evidence from Listed Firms in Nigeria. Journal of Internet Banking and Commerce, 22(8), 1-13.

Fich, E. M., Harford, J., & Tran, A. L. (2015). Motivated monitors: The importance of Institutional Investors′ Portfolio Weights. Journal of Financial Economics, 118(1), 21–48.

Freeman, R.E. (1994). Strategic Management: A Stakeholder Approach. Boston: Pitman.

Hadi, O. A., & Ahmed, N. (2017). Impact of Ownership Structure on Firm Performance in the Mena Region: An Empirical Study. *Accounting and Finance Research*, 6(3), 105-115.

Jensen, M., & Meckling, W. (1976). Theory of the Firm: managerial behavior and agency costs, and ownership structure. *Journal of Financial Economics*, 3(1), 305–360.

Kluiver, R. (2017). The effect of ownership structure on corporate financial performance: A meta analysis. Masaryk University Faculty of Economics and Administration, 1(1): 1-77.

Lawal, O. D., Agbi, E. S. & Mustapha, L. O. (2018). Effect of ownership structure on financial performance of listed insurance firms in Nigeria. *Journal of Accounting, Finance and Auditing Studies*, 4(3), 123-148.

McConnell, J and Servaes, H (1995): Equity ownership and two faces of debt‖. *Journal of Financial Economics*, 39, pp 131-157.

Mudi, O. L. (2017). Ownership structure and financial performance of firms listed at the Nairobi securities exchange. University of Nairobi Department of Business Administration (Finance), 1(2), 1-67.

Nora, A.A. & Anis, F.M. (2015), Ownership Structure and Bank Performance, Journal of Economics, Business and Management, 3(4), 24-37.

Sanda, A.U, Mikailu, A.S and Garba, T (2010):―Corporate governance mechanisms and firm financial performance in Nigeria‖, *AERC Research Paper 149*, Nairobi.

Syed, S. and Norjaya, M. (2010) An Investigation into the Antecedents of Customer Satisfaction of Online Shopping. Journal of Marketing Development and Competitiveness, 5, 71-78.

Uwalomwa K. S & Olamide M. G (2012), The impact of board structure on corporate financial performance in Nigeria, International Journal of Business and Management 5(10), 50-68.

Wahba, H. J. M. Gov (2014). Capital structure, managerial ownership and firm performance: evidence from Egypt. Journal of Management & Governance 18(4), 1041 - 1061.