

Corporate Proprietorship and Performance of Listed Conglomerates in Nigeria

Agbi Eniola Samuel Yunusa Abdulateef

Department of Accounting, Faculty of Management Sciences, Federal University, Dutsin-Ma, Nigeria

Abstract

This paper is based on the fact that many study on Corporate Proprietorship and performance was focused on developed countries such as USA, China among others. There is paucity of study in developing economic in West African country especially in Nigeria considering it's political, economic, and institutional conditions compare to developed countries. Therefore, this study seeks to investigate how Corporate Proprietorship variables impacted on performance of listed conglomerate firms in Nigeria. Data were gleaned from published financial reports for the period of 2010 to 2014 from a sample of the six listed conglomerates. The study adopted correlation and ex post facto research designs using multiple regression models. The result revealed that managerial proprietorship, institutional proprietorship, proprietorship concentration, firms' size, and firms' age have negative impact on return on equity while institutional proprietorship has positive and significant impact on return on equity. The study also reveals that managerial proprietorship, proprietorship concentration, firms' size and firms' age has negative impact on net profit margin. While, institutional proprietorship has negative and significant impact on net profit margin. The study concludes that Corporate Proprietorship has positive and significant impact on performance with adjusted squares of 22% and 48% at significance levels of 0.050 and 0.001 respectively. It is recommended based on the findings that the management of conglomerates should allocate more shares to the various institution such as large financial organizations, pension funds or endowments institutions to increase the returns to the firms among others.

Keywords: Managerial Ownership, Institutional Proprietorship, Ownership Concentration, Firms' Size, Firms' Age, Return on Equity and net profit margin

1. Introduction

For many years, most business was conducted by proprietorship, partnership or closed corporations. In these forms of business organization, a small and closely related group of individuals belonging to the same family or cooperating in business for lengthy periods runs the firm and shares its profits. However, over the recent century, a new form of business organization flourished as non-concentrated proprietorship corporations emerged. The modern diverse proprietorship corporation has broken the link between the proprietorship and active management of the firm.

Modern corporations are run by professional managers who typically own only a very small portion of the shares. In addition, proprietorship is dispersed, that is the corporation is owned by and its profits are distributed among stockholders. The advantage of the modern corporation is numerous. It relieves financing problems, which enables the firm to assume larger-scale operations and utilize economies of scale. It also facilitates complex-operations allowing the most skilled or expert managers to control business even when they (sell common stocks) in the capital markets and assign it to the productive activities of professional managers. This is why it is plausible to hypothesize that the modern diffuse- proprietorship corporations perform better than the traditional 'closely held' business forms (Beni & Alexander, 1999).

The separation of proprietorship and control in the modern corporation was an issue brought to the fore so effectively by Berle and Means over eighty years ago, retains a central position in recent studies on economic theory of the firm. The statement is stated succinctly as 'the separation of proprietorship from control produces a condition where the interest of owner and ultimate manager may, and often do, diverge and where many of the check which formally operated to the use of power disappear (Berle & Means, 1932).

The holder of corporate stock experiences a loss of control over his resource because proprietorship is broadly dispersed across large numbers of shareholders that the typical shareholder cannot exercise real power to oversee managerial performance in Modern Corporation. Management exercise more freedom in the use of the firm's resources than would exist if the firm were managed by its owner(s), or at least, if ownership interests were more concentrated. Because management and proprietorship interests do not naturally coincide when not housed in the same person, Berle and Means perceive a conflict of interest, which with proprietorship dispersed, is resolved in management's favor. This signifies a serious impairment of social function of private property (Harold, 1983). Profit maximization constrained and guided by competition is the link between private proprietorship and efficient resource utilization, a link presumably broken by a structure of proprietorship that reduces the incentives of corporate managers to maximize profit. Corporate wealth is used to further ends other than profit maximization.

Corporate Proprietorship of a firm can be viewed as the nature in which the ownership of the firm's

equity holdings are structured. It can also be viewed as stakeholder possession proportion in the firm. Corporate Proprietorship is very important and influential in determining the efficacy of the market by giving information about two significant things. Firstly, it will show the extent of risk diversification of shareholders and secondly, it will give possible agency problems encountered in the course of managing the firm (Carvalho-da -Silva & Leal, 2004).

Corporate Proprietorship as proposed by the agency theory is one of the most important corporate governance mechanisms to solve agency problems and suggests that concentrated ownership will result in more effective monitoring (Jensen & Meckling, 1976). Whilst researchers in developed countries focus on the conflict of interest among outside shareholders and managers in a diffused possession, in Asia where proprietorship concentration structures are more common, the agency problem shifts to conflicts amongst the controlling owners and the minority shareholders (Claessens & Fan, 2002). The concentrated proprietorship creates agency conflicts between controlling owners and minority shareholders, which are hard to mitigate during the traditional functions of board of directors (Claessens & Fan, 2002).

The proprietorship tightness allows self-interested behavior of managers to go unchallenged, internally through the board of directors and externally through takeover markets, as the controlling owners, who are often also the managers, gain effective control of a corporation and have the power to determine how the company is run and may expropriate the minority shareholders' wealth. Thus, the corporate Proprietorship of a company could be of critical importance to the effectiveness of oversight mechanisms employed to reduce the likelihood of earnings management practices (Ebraheem & Muhammad, 2012). Investor's especially common stock investors are generally interested in management efficiency. Present shareholders can change management in absence of efficient management and consider some rewards for efficient management. Potential shareholders try to assess the efficiency management prior to investment or prior to assessment of profiting entities shares. From the above mentioned cases, efficiency scale provides a basis for making decision. The aim of entities earning profit efficiency assessment present in number one standards of financial statement (Shabahang, 2004).

Performance is crucial to any business organization survival and continues patronage by investors, potential investors, creditors, and other stakeholders in the business world. Every business organization has an important decision of making returns. This decision is important since the ability of a firm to make returns in this competitive environment determines to a larger extent its ability to survive in the future. On the other hand, Corporate Proprietorship of any company has been a serious agenda for corporate governance and that of firm's performance. The influences on the firm value by managerial ownership and institutional ownership have been issues that researchers have undertaken to investigate for decades. This has been widely tackled in developed climates and more recently in emerging markets, but was less deliberated in Nigeria in recent changing environment. Notable exceptions include Adenikinju & Ayorinde (2001), Estrin et al. (2001), Sanda, Mikailu, & Garba (2005), Barako & Tower (2006), Farooque et al. (2007), and Javed & Iqbal (2007). The agency theory is being used to explain the role of Corporate Proprietorship in balancing this conflict of interest. A greater concentration of managerial proprietorship may bring the monitoring and expropriation hypotheses into play, indicating that corporations with a greater spread of proprietorship, the classic owner-manager conflict is mitigated due to the large shareholder's greater incentives to monitor the manager. However, a second type of conflict appears. The large shareholder may use its controlling position in the firm to extract private benefits at the expense of the small shareholders, it is based on the above assertion this study seeks to investigate the impact of corporate proprietorships on performance of listed conglomerates in Nigeria

1.1 Statement of the Problem

Empirical studies that investigate the role of Corporate Proprietorship in corporate governance around the world include (Berle & Means, 1932; Shleifer & Vishny, 1997; La Porta et al. 1999), with examples of those specifically examining the relationship between Corporate Proprietorship and performance being (Bathala & Rao, 1995; Mitton, 2002; Ng, 2005; Vethanayagam et al., 2006). The effect of corporate proprietorship on performance is an important issue in the literature of finance theory (Zeitun & Tian, 2007). It is worth noting that most research on corporate proprietorship and performance has been dominated by studies conducted in developed countries. However, there is an increasing awareness that theories originating from developed countries such as the USA and the UK may have limited applicability to emerging markets. Emerging markets have different characteristics such as different political, economic, and institutional conditions, which limit the application of developed markets' empirical models.

1.2 Gap in Literature

Nigerian studies have been contradictory in theory findings on the relationship between Corporate Proprietorship and performance, Adenikinju and Ibrahim (2001); Sanda, Mikailu and Garba (2005); Hassan and Ibrahim (2012) among others focused on Nigerian insurance and banking sectors. Therefore, there is a gap in literature as far as an industry-wide study on the Corporate Proprietorship and performance of companies in Nigeria, this study

focuses on performance using return on total equity and net profit margin percentage as performance indicator in conglomerates to add to present studies. This is the gap the present study seeks to bridge.

1.3 Objective of the study

The main objective of this study is to examine the Impact of Proprietorship' Structure on Performance of Conglomerates. The specific objectives include.

- i. To examine the effect of managerial proprietorship on the Performance of the listed Nigerian conglomerate companies
- ii. To evaluate the effect of proprietorship concentration on the Performance of listed conglomerate companies in Nigeria.
- iii. To examine the effect of institutional proprietorship on the Performance of the listed conglomerate companies in Nigeria.

1.4 Research hypothesis

In order to achieve the aforementioned objectives, the following null hypotheses are formulated in line with the objective of the study.

H₀₁ Managerial proprietorship has no significant impact the Performance of conglomerate companies in Nigeria.

H₀₂ Proprietorship concentration has no significant effect on the Performance of conglomerate companies in Nigeria.

H₀₃ Institutional proprietorship possession has no significant influence on the Performance of Conglomerate companies in Nigeria.

2. Literature Review

In this section, conceptual issues relating to corporate proprietorship which include: managerial proprietorship, institutional proprietorship and proprietorship concentration and performance are discussed and presented.

2.1 Concept of Corporate Proprietorship

Conceptual issue on corporate proprietorship (Ownership or Possession) is as important subject within the broad concept of corporate governance, in which corporate proprietorship is a mechanism of corporate governance. Corporate proprietorship is the equity mix of various shareholders in a particular company at a given point in time. Bansal (2005), indicated that the comity of investors and shareholders (owners) is generally made up of individuals, groups and institutions whose interests, goals, investment horizons and capabilities may vary considerably. Shareholders have the right and capacity to influence company's fundamental issues including election of directors, amendments in company's organic documents, approval of extraordinary transactions, modifications in company's internal status and appointment of auditors.

Jensen (1986) and Said (2013) points to the preference of managers to increase firm size through excessive investment for private benefit. To Jensen, this brings to fall, the disciplinary role of debt which limits the opportunistic behavior of managers. Said (2013) posits that the choice of the leverage itself raises an agency problem between shareholders and managers. This led Zwiebel (1996) to suggest that free cash flow left in the business requires disciplinary systems that lead managers to use more leverage. The decision of funding depends on firm's corporate proprietorship since decisions are taken by those that run the affairs of the company. Said (2013) posited that given these arguments, debt is associated with the corporate proprietorship 'corporate possession' has two widely applied dimensions: proprietorship concentration and owner identity. Furthermore, the divergence of voting right and capital right allow shareholders to gain control with little equity involvement through mechanisms such as dual class equity, pyramiding, etc. Thus, divergence should be taken into consideration when analyzing the effect of corporate proprietorship on firm performance. Jensen and Meckling (1976) classify corporate proprietorship in terms of capital contributions, comprising inside investors (managers), and outside investors (debt holder and equity holder). Abel and Okafor (2010), define corporate proprietorship and classified into the percentage of share held by: Managerial proprietorship, Institutional proprietorship, Government or state proprietorship, Foreign investors (foreign proprietorship), and Family proprietorship. Based on the foregoing, this study will focus on three of the corporate proprietorship style which are Managerial, Institutional, and concentrated proprietorship.

2.2 Managerial Proprietorship

Holderness (2003) defines managerial proprietorship as the percentage of equity owned by insiders and block holders, where insiders are defined as the officers and directors of the firm. Cho (1998) defines insider proprietorship as the fraction of share, not including options, held by officers and directors of the board, and Davies et al. (2005), consider managerial proprietorship as having a stake in all board member's shareholdings.

2.3 Institutional Proprietorship

King and Santor (2008), defines institutional proprietorship as the proprietorship stake in a company that is held a large financial organizations, pension funds or endowments institutions generally purchase large blocks of a company's outstanding shares and can exert considerable influence upon its management. Major shareholders and investors owned a significant portion of company's equity can have considerable influence in conglomerate. They also can influence company's activities and procedures by their decisions. Institutional shareholders could change company's behavior due to their monitoring operations. Based on literature review, it is expected that these shareholders control corporation's performance and prevent activities that will not increase their own wealth (King & Santor, 2008).

2.4 Proprietorship Concentration

Proprietorship concentration measures the degree of concentration of voting right in corporations, it is measured by the voting right of the largest shareholder, and by the sum of voting rights of the second and third largest shareholder. Furthermore, the divergence ratio of the largest shareholder illustrates proprietorship concentration from another perspective. Owner identity is based on the type of the largest shareholder. Proprietorship Concentration is measured in two ways:

Sum of bulk shares in excess of 5%

Total outstanding shares of the company

2.5 Concept of performance

Performance concept is a contentious matter in finance mostly due to its multidimensional meanings. Murphy, Trailer, and Hill, (1996), argue that research on firm performance originates from strategic management and organization theory. Chakravarthy (1986), demonstrates that performance is measures either organizational or financial. The core of the firm's effectiveness is financial performance such as profit maximization, maximizing profit on assets, and maximizing shareholder's benefits. Bititci, Carrie, and Mc Devitt (1997), defines performance as a "process by which the company manages its performance in line with its corporate and functional strategies and objectives". According to Bititci et al. (1997), it is the objective of that process to provide an integrated control system, where the corporate and functional strategies are deployed to all business processes, activities, tasks and personnel, and feedback is obtained through the performance measurement system to enable appropriate management decision. Sandberg and Hoffer (1987), opined that performance measures, such as growth in market share and sales give a broad meaning of performance that focus on the factors that finally direct to financial performance. Therefore, financial performance is considered a major standard to measure a company operational and financial efficiency. The current study uses two measures of performance including net profit margin and return on equity.

2.6 Concentration of Proprietorship and Firm Performance

Until the 1980s, the agency conflict between shareholders and managers has been the main concern of the literature on corporate governance. It is widely accepted that proprietorship concentration has the potential to limit the agency problem, and then generate improved performance. This positive effect of proprietorship concentration can be explained by the efficient monitoring hypothesis, which contends that higher concentration of ownership gives large shareholders stronger incentives and greater power at lower cost to monitor management. Grossman and Hart (1986), argue that shareholders with a large stake in the company show more willingness to play an active role in corporate decisions because they partially internalize the benefits from their monitoring effort. The methods used by large shareholders to monitor and intervene are range from informal conversations with management to formal proxy contests (Shleifer & Vishny, 1986, 1997). Even shareholders cannot monitor the management themselves, large shareholders can facilitate third party takeovers by splitting the large gains on their own shares with the bidder. Since the late 1990s, the potential conflict of interest between controlling shareholders and minority investors has become a focus of academics' attention. Concentrated corporate proprietorship may permit dominant shareholders expropriate minority investors, known as the expropriation-of-minority-shareholders hypothesis. Large shareholders represent their own interests, which need not coincide with the interests of other stakeholders in the firm. Pyramidal control structure, cross shareholding, and super-voting rights allow the controlling shareholders to secure control rights without commensurate cash flow rights (La Porta et al., 1999; Claessens et al., 2000). The divergence between control rights and cash flow rights induces the pervasive problems of controllers' expropriation (Denis & McConnel, 2003; John & Coffee, 2005). Johnson et al. (2000) use the term "tunneling" to describe the transfer of resources out of firms for the benefits of controlling shareholders. Small investors' fear of being expropriated may induce the high cost of capital to companies, so it follows inefficient investment.

2.7 Managerial Proprietorship and Performance

Some shareholders may be entirely passive investors, whereas others are more active and do perform an important monitoring service. Various motivations and abilities of different types of shareholders may result in their distinctive effectiveness to influence major corporate decisions and value. Managerial ownership (insider proprietorship) is the most popular topic that has been extensively studied. Jensen and Meckling (1976), formalize the relation between managerial proprietorship and corporate value. They propose the convergence-of-interest hypothesis to explain the positive effect of managerial proprietorship. That is, a sufficiently high level of managerial proprietorship helps align the interests of managers and shareholders resulting in superior performance. A manager's claim on the performance outcomes and burden on the costs associated with non-value maximizing behavior increase with his fraction of the equity. Thus, a high level of managerial proprietorship increases the probability that the manager devotes significant effort to creative activities and immunizes himself from misappropriating the corporate resources. The manager will act to maximize firm/shareholder value due to his own interests

However, Demsetz (1983) and Fama and Jensen (1983), propound offsetting costs of significant management proprietorship; the managerial entrenchment hypothesis. According to this hypothesis, the firm will be less valuable when managers with a significant equity have enough voting power to ensure their position inside the corporations or to allow them free from outside checks. A manager held smaller shares can be disciplined toward firm's value maximization by the market forces, while a manager with substantial equity can entrench himself from the market restriction, such as; takeover threat or managerial labor market. Consistent with this, Stulz (1988), developed a model of firm valuation to explain how large shareholdings help managers to entrenched and decrease the monitoring of external control mechanisms. The impact of managerial proprietorship on performance therefore is a double-edged sword.

2.8 Institutional Shareholdings and Firm Performance

A number of studies have sought to harmonize the link between institutional proprietorship and companies' performance. However, their results are mixed and unclear. For instance, Agrawal and Knoeber (1996), find no significant association between institutional ownership and firm performance based on the list of 383 firms. Craswel et al. (1997), examine the relationship between two cross - sectional Australian samples corporations from 1989 to 1999, the study reveal no significant correction between institutional proprietorship and firm performance. In examine a sample of 867 acquisitions of publicly traded firm in the US between 1978 and 1988, Loderer and Martin (1997), found no significant relationship between institutional ownership and firm performance. By partitioning institutional investors into institutions that have appointed a representative to the board of directors of the firms in which they have a block investment and institutions with a similar holding but without a representative on the board of directors in the New Zealand, Navissi and Naiker (2006), found that institutions with board representation have greater incentives to monitor management. Therefore, their presence should have a positive influence on firm performance. However, at high levels of proprietorship institution investors with board representation may induce boards of directors to make sub-optimal decisions. Namazi and Kermani (2008) analyzed the impact of corporate proprietorship on performance of the listed companies in Tehran stock Exchange. The findings of this research indicated that, there is a negative relationship and meaningful relationship between institutional proprietorship and firm performance.

In contrast to above studies, is 1990 McConnell and servaes' research which found a positive relationship between institutional proprietorship and firm performance using a cross - sectional sample of 1173 firms listed on NYSE/AMEX in 1976 with another study of 1093 firms in 1986. McConnell and servaes (1990), claimed that such a relationship reveals an efficient monitoring role assumed by institution investors. Similarly, Chaganti and Damanpour (1991), provided evidence of a positive relationship between institutional ownership and return on equity in the US manufacturing sector continuously surveyed by the Value Line between 1983 and 1985. Han and Suk (1998), also found that stock return are positively related to Institutional for 301 NYSE/AMEX firms during 1988- 1992. They attributed this observed significant relationship to effective management monitoring by institutional investors. In the same vein, clay (2001) finds a positive impact of Institutional on firm performance enhancement. selecting the 1,914 firms included in standard & poor's from 1992 through 1997, Hartzell and Starks (2003) find that institutional Proprietorship Concentration is positive related to the pay- for- performance sensitivity of executive compensation while it is negatively related to the level of compensation even after controlling for firm size, industry, investment opportunity and performance. They suggest that institution serve a monitoring role in mitigating the agency problem between shareholders and managers. Examine the relationship between Institutional and firm performance in the North America casino industry from 1999 - 2003, Tsai and Gu (2007) reveals that investing institutionally in casino firm may help casino industry investors mitigate the agency problem caused by the separation of management from possession. Finally, Mahoney and Roberts (2007), examine the relationship between corporate social performance and financial performance and institutional proprietorship for publicly held Canadian firms. They find a significant

relationship between firm's performance and the number of institutions investing in firms' stock.

2.9 Measurements of Performance

Aforka (1992), provides measures of performance to indicate how well enterprise use resources at their disposal to generate value for their owners. Since profit-making is the declared objectives of companies, the rate of return on shareholders' funds (ROSF) suggests itself as the best measure of profitability. ROSF shows how profitable operations in the industry are compared to other sectors of the economy. ROSF is the ration of after-tax to total shareholders' funds that is (primary capital plus reserves). However, there is no uniform consensus in the literature on how to measure performance. This is due to contradictory argument as to what basis of measurement to adopt. While some authorities suggested using accounting measurement, others suggested market measurement and some mixed measurement. Some researchers like (Waddock & Graves, 1997; Cochran & Wood, 1984) used accounting measurement. Some adopted market measurement like (Alexander & Buchholz, 1978; Vance, 1975). Others like (McGuire, Sundgren, & Schneeweis, 1988) adopted the combination of the two approaches. Each of the approach used has virtues and drawbacks linked it. For example, accounting measurement is criticized of only capturing historical aspects of the firm financial performance which according to (Branch, 1983; Brilloff, 1972) could lead to managerial manipulation. According to Ullmann (1985), market measurement suggests investor's valuation of firms and is considered as a proper performance measure.

Accounting measures of financial performance consists of many yardsticks such as profitability, activities, and liquidity ratios. Profitability ratios are measurement of profit related to sales and profit related to investment (CFA, 1999). In another view, it has been argued that the continued viability of a corporation depends on its ability to earn an adequate return on its assets and capital and in which case ratios like Return on Assets (ROA), Return on Equity (ROE) and Capital Adequacy Ratios (CAR) are used.

2.10 Theoretical Framework

Various theories exist to explain the relationship between CORPORATE PROPRIETORSHIP and performance in existing finance and accounting literatures. The basic theories that will be adopted as they related to the study namely signaling and principal agent theory

(i) Signaling theory.

Signaling theory, which assumes that managers being insiders have a better knowledge about the true distribution of future return of the firm whereas investors do not, as first developed by Ross (1977). Signaling theory, this assumes that investors choose larger level of leverage as a signal of the firms' current stable income, future cash flows as well as managers' reliance on the output of their firm. He posited that investors take higher levels of debt as a signal of higher quality. Profitability, which is as a proxy of quality performance is therefore viewed to be positively corrected with leverage, as concluded by the proponents of the signaling theory. A model considered by Heinkel (1982) on return distribution is based on the assumption that 'higher' quality firms have higher overall value as well as a lower quality bonds and lower market value for a given face value, and as the result a higher equity value and high value firms issue more debt. Because higher quality firms have higher total value, this is in line with the findings of Ross (1977).

In a situation where by the capital market find it very difficult to differentiate between good and bad borrowers, profitable firms can signal their quality by taking some actions that would be expensive for non-profitable firm to take (Spance, 1974). A good number of the signaling models in financial economics have to do with how firms make use of their CORPORATE PROPRIETORSHIP as a signal for their underlying value to the capital market (Myers & Majluf, 1984, Ross, 1977). We can go further than the signaling view and apply the term in a broader sense to include situations where by a firm wants to embark on a particular line of action in order to enable them gain credibility with the other players in the game.

(ii) Principal agent theory

The forerunner of principal-agent theory is the expense-preference model of Williamson (1963). The theory is concerned with the relationship between the principal (shareholders) and the agent of the principal (company's managers). This suggests that the firm can be viewed as a nexus of contracts (slackly defined) between resource holders. An agency relationship arises whenever one or more individual, called principals, hire one or more other individuals, called agents, to perform some service and then delegate decision- making authority to the agents. As it is derivable from the literature, there are two main dimensions which are related to the issue of CORPORATE PROPRIETORSHIP: proprietorship concentration (that is. the distribution of shares owned by majority shareholders) and identity of owners. Since the contrasts between managers and owners cause agency costs, the agency problem has been the basis of debates in Corporate Proprietorship literature.

Dispersed proprietorship causes an agency problem in corporations because shareholders' incentives and abilities to monitor management will be weakened. Legally, shareholders own a corporation but they do not feel any sense of proprietorship or control over the firm because their stake is small. Moreover, shareholders

usually invest in many firms in order to diversify risk. They invest for a future dividend stream rather than investment in the future of the firm. Additionally, dispersed shareholders do not have enough knowledge and information to make qualified decisions (lee, 2008). On the other hand, concentrated proprietorship is widely acknowledged to provide incentives for large shareholders to monitor management. As the proprietorship stake of large block holders increases, the block holders might have the greater incentives to increase firm performance and to monitor management than do dispersed shareholders (lee, 2008). There are obvious benefits from concentrated proprietorship. First large shareholders are typically risk-averse. Widely dispersed proprietorship offers enhanced liquidity of stock and better risk diversification for investors. Secondly, enhanced monitoring by concentrated ownership discourage inside shareholders (managers or workers) from making costly firm-specific investments. However, concentrated proprietorship could lead to another sort of agency problem: conflict between large shareholders and small shareholders could arise. Lee (2008), argued that large shareholders have incentives to use their controlling position to extract private benefits at the expenses of minority shareholders. Finally, proprietorship concentration or possession identity is also related to the context of the agency problem. Monitoring is more effective when controlling shareholders have sufficient knowledge and experience of financial and business matters. Generally, institutional investors are known to have the resource and ability to properly monitor management decisions. In theory, institutional investors can monitor management more efficiently than dispersed shareholders because of their expertise (lee, 2008).

2.11 Empirical Review

The relationship between corporate proprietorship and firm performance can also be evaluated by examining firm performance with change in corporate ownership over the years. Mehrdad and Hossein (2011), investigated the effect of proprietorship structure on performance of listed companies in Tehran Stock Exchange. They studied 68 companies during the years 2006 to 2010. The study dependent variables are Tobin's Q, ROE, ROA and return to book value ratio (MBVR) that used for performance evaluation. The study grouped ownership structure in to Institutional Shareholder, Managerial Shareholder and Individual Shareholder. Statistical method used in this research was panel data. Findings indicate that there is significant and negative relationship between "the amount of possession of biggest shareholder" and firm performance. There is a positive and significant relation between "the amount of possession of five greater shareholders" and firm performance. The relationship between "the amount of possession of institutional shareholders" and "the amount of possession of managerial shareholders" and "the amount of possession of individual shareholders" is significant and negative. The study of Mehrdad & Hossein (2011) ignore control variables capable of influencing performance and covered a period of five ending 2010. In a way of harmonization, the study at hand would integrate control variables of age and size.

Vincent et al. (2011) studied implications of proprietorship identity and managerial discretion on listed firm's performance in Nairobi, Kenya. Pearson's Product Moment Correlation and Logistic Regression were conducted on SPSS with the study panel data. The study shows the interrelationships between possession identity and managerial discretion which they conceptualized as comprising foreign; institutional; government; and diverse with their impact on financial performance as measured by ROA, ROE and DY. They concluded that State proprietorship of firms is particularly indicted for poor stewardship, whereas foreign, insider, diverse and institutional proprietorship gave the best results. They found that there exist a significant positive relationship between managerial discretion and performance. Collectively, they are consistent with pertinent literature with regard to the implications of government, foreign, manager (insider) and institutional proprietorship forms, but significantly differ concerning the effects of diverse possession on firm performance. From the above study of Vincent et al. (2011), this study was carried out in Kenya and concentrated of companies. They adopted logistic regression and PPM correlation and analyze their data using SPSS. This research study focuses on listed Nigeria conglomerates and would use regression and correlation tool alongside SPSS to analyze data collected. This is because after control for fixed and temporal effects of models to be used, our data will be robust and finding would be more realistic and unbiased.

Duc et al. (2013), investigated the effect of proprietorship structure and firm's performance in Vietnamese. The study categorized proprietorship structure in to state ownership and foreign ownership and used Tobin's Q, ROA as a measure of performance. The firm size, profitability, age, leverage, investment, capital intensity, and liquidity are used as control variable for their empirical models. The study adopted descriptive research design for panel data collected from Ho Chi Minh Stock Exchange and Hanoi Stock Exchange during the period of 2007 and 2012 of 2775 sampled firms. Their findings from fixed effect models show that while state ownership has an inverted U-shaped relationship with firm performance, foreign ownership has a U-shaped relationship with firm performance. These results imply that when proprietorship is concentrated, while state proprietorship lower firm performance, foreign proprietorship enhance firm performance. Benjamin et al. (2014) examined the impact of ownership structure on the financial performance of listed insurance firms in Nigeria. The study uses panel data for seventeen (17) firms for the period 2001 to 2010. The study focuses managerial and institutional shareholding aspects of proprietorship structure. Firm's performance was measured through

(ROA) and (ROE). The study used regression analysis to investigate the relationship between Proprietorship structure and firm's financial performance. They found that there is a positive significant relationship between proprietorship structure and firm's performance as measured by ROA and ROE. They recommended that the code on owner's equity of listed insurance companies should be sustained and encouraged so that the firms can have a perpetual life, their argument was that, the stake of this owners could serve as a check and balance mechanism to further strengthen the corporate governance of the insurance firms in order to give room for enhanced financial performance of the listed insurance companies in Nigeria. This study seeks to harmonize with the above study by shifting focus from insurance firms to conglomerate sectors in Nigeria. Using age and size as control variable covering period to 2014 and including management concentration to above proprietorship structure components.

Chen, Guo, and Mande (2003) recognized that managerial shareholding has a linear significant impact on Japanese firm performance, even after controlling for firm fixed effects. However, they find that the fixed effect is significant. Zuriawati (2014), examined the impact of proprietorship structure on firm performance of the Malaysian listed Trading and Services firms. Zuriawati (2014) study was conducted for a period of six years (2005 - 2010). Return on Assets (ROA) was used as a proxy for firm performance. It regresses against the proprietorship structure (concentrated, managerial, government, & foreign) and other control variables (investment opportunities, leverage, & firm size). The study revealed that when firm are concentrated or managerial proprietorship, it can enhance the firm performance, while inversely occurs in government proprietorship firms. The Trading and Services firms are not affected by proprietorship structure under pre crisis period. The significant effect only can be seen in concentrated firms during crisis and post crisis periods and for foreign proprietorship firms in post crisis period. From the above study, Malaysian listed trading and services firm was the area of study and covered period to 2010. This study concentrates on listed conglomerate firms operating up to 2014 in Nigeria. ROE and Net Profit Margin would be used to measure performance.

Kiruri (2013), investigated the effects of proprietorship structure on bank profitability in Kenya. Primary data was obtained through a questionnaire that was structured to meet the objectives of the study. The study used return on equity (ROE) for profitability and to classified proprietorship structure in to Proprietorship Concentration, Foreign Proprietorship, Domestic Proprietorship and State proprietorship. Data collected was analyzed using regression and correlation analysis. The study used annual reports that were available from their websites and in the Central bank of Kenya domain. The study found that proprietorship concentration and state proprietorship had negative and significant effects on bank profitability while foreign proprietorship and domestic proprietorship had positive and significant effects on bank profitability. The study concludes that higher proprietorship concentration and state proprietorship led to lower profitability in commercial banks while higher foreign and domestic proprietorship led to higher profitability in commercial banks. The study recommended among others that commercial banks in Kenya should desist from higher levels of block holder owners in order to reduce proprietorship concentration. This will help improve the profitability of commercial banks in Kenya.

Demsetz and Lehn (1985) empirically analyzed the relationship between proprietorship structure and performance of a firm in US. They argue that proprietorship concentration is determined by firm size, control potential, regulation and amenity potential, and then estimate linear regressions of accounting profit rate on concentration; the fractions of shares owned by the five, the twenty largest shareholders, and a Herfindahl measure for 511. U.S. firms. No significant relationship between proprietorship concentration and accounting profit rate was found. Holderness and Sheehan (1988) compared 101 pairs of listed firms and reach the same conclusion of no systematic performance difference associated with large U.S. shareholders. In contrast, in Continental Europe and East Asian economies, studies suggest that block proprietorship per se might often have a positive effect on firm performance for better monitoring. Claessens and Djankov (1999) find a 10 percent increase in concentration leads to two percent (2%) increase in short-term labor productivity and a three percent (3%) increase in short-term profitability in the Czech Republic. Earle et al. (2005) imply that the size of the largest block increases profitability and efficiency strongly and monotonically in Hungary over 1996 to 2001. Xu and Wang (1999) find a positive relation between concentration and performance in China.

A number of studies have sought to evaluate the link between institutional proprietorship and firm performance. However, their results are mixed and unclear. For instance, Agrawal and Knoeber (1996) find no significant association between institutional proprietorship and firm performance based on a list of 383 firms. Craswell et al. (1997), examined the relationship between two cross-sectional Australian samples firms for 1986 and 1989 respectively, the study revealed no significant correlation between institutional proprietorship and firm performance. In examining a sample of 867 acquisitions of publicly traded firms in the US between 1978 and 1988, Loderer and Martin (1997) find no significant relationship between institutional proprietorship and firm performance. By partitioning institutional investors into institutions that have appointed a representative to the board of directors of the firms in which they have a block investment and institutions with a similar holding but without a representative on the board of directors in the New Zealand, Navissi and Naiker (2006) finds that

institutions with board representation have greater incentives to monitor management. Therefore, their presence should have a positive influence on firm performance.

Similarly, Clay (2001) finds a positive impact of institutional proprietorship on firm performance in which a percentage increase in institutional proprietorship translates into a 0.75 percent firm performance enhancement. Selecting the 1,914 firms included in Standard & Poor's from 1992 through 1997, Hartzell and Starks (2003) found that institutional proprietorship concentration is positively related to the pay-for-performance sensitivity of executive compensation, while it is negatively related to the level of compensation even after controlling for firm size, industry, investment opportunities, and performance. They advocated that institutions should serve a monitoring role in mitigating the agency problem between shareholders and managers. Examining the relationship between Institutional and firm performance in the North American casino industry from 1999–2003, Tsai and Gu (2007) revealed that investing institutionally in casino firms may help casino industry investors mitigate the agency problem caused by the separation of management from possession.

Finally, Mahoney and Roberts (2007) examined the relationship between corporate social performance and financial performance and institutional proprietorship for publicly held Canadian firms. They found a significant relationship between firms' corporate social performance and the number of institutions investing in firms' stock. Theoretically, explanations of the impact of managerial/insider proprietorship also falls under two major hypotheses. The Convergence-of-Interest and the Entrenchment hypotheses. The Convergence-of-Interest hypothesis as espoused by Berle and Means (1932) and Jensen and Meckling (1976) noted that given the fact that managers or insiders will pursue their selfish interest at the expense of outside owners; an increased allocation of shares to insider owners is therefore, expected to motivate the managers to pursue interests that converge with that of the external shareholders. The Entrenchment hypothesis as explained by Fama and Jensen (1983), perceived that, firms with low insider proprietorship can still perform better in the face of product market competition, but when the level of insider proprietorship becomes very high, this may give them opportunity to pursue their selfish interest without a risk of job and salary loss. Additionally, empirical evidences in support of the convergence of interest hypothesis include (Mehran, 1995; Seifert, Gonene & Wright, 2005). And supporters of the entrenchment hypothesis include (Lins, 2002; Lee & Ryu, 2003).

3. Methodology

This paper adopted correlation and ex post facto research designs. The population and sample of this research is made up of the six quoted conglomerate companies in the Nigeria as at December 2014. The purposive sample technique was used based on the condition that the sample firms' complete financial reports for the periods under study are published and audited. Applying this filter, all of the conglomerate firms have complete data for the period under study and none is eliminated, thereby making the six populations of conglomerate firms to constitute the sample size of the study. The justification for choosing listed conglomerate firms to the best of the researchers' knowledge is premised on the fact that no study has specifically focused on proprietorship structure and performance with specific reference to the conglomerates.

3.1 Method of Data Collection and Measurement of Variables

The data of the selected conglomerates for the years (2010-2014) used in this study were collected from secondary sources as contained in the published annual reports of the conglomerates and the Nigeria Stock Exchange Fact Book. The data that were generated from the fact book and conglomerate annual reports are the following numbers of standing shares, percentage of directors interest, holders of 5% and more shares, and percentage of institutional holdings to proxy corporate proprietorship and values of net revenue, value of profit after tax, value of shareholders fund to calculate net profit margin and return on equity for performance.. The details on how the variables will be measured are presented in Table 1 below.

Table 1: Variables Definition and Measurement

S/N	Variable	Measurement
1	Net Profit Margin	Profit after tax / Sales * 365 as defined by Omran and Pointon, (2009).
2	Return on Equity	Profit after tax / Shareholder's Equity *100employee as defined by Dimitris and Maria, (2010).
1	Managerial Proprietorship	Percentage of equity owned by insiders (officers and (directors) and block holders, of the firm as defined by Berle & Means (1932).
2	Institutional Proprietorship	Percentage of equity owned by is held a large financial organizations, pension funds or endowments institutions, as defined by Claessens & Fan, (2002), King and Santor, (2008).
3	Proprietorship Concentration	<u>Sum of bulk shares in excess of 5%</u> Total outstanding shares of the company as defined by Denis and McConnel, (2003); John C. Coffee, (2005).
4	Size of the company	Log of total asset as used by Williamson, (1967)
5	Age of the firm	Number of years from the year the firm was listed on the NSE as used by Saad, (2010).

Source: developed by the researchers based on literature

3.2 Model specification

The model formulated was estimated using Ordinary Least Squares (OLS). Multiple correlation and regression technique was employed for panel data collected. The relationship between the dependent and independent variables were analyzed using the below model:

$$Y_{it} = \alpha_0 + \beta_1 X_{it} + \beta_2 C_{it} + e_{it} \text{ ----- (i)}$$

Where Y_{it} = Dependent Variable of firm (ROE and NPM) i for time period t;

α_0 = Constant;

β_1 is the coefficients X_{it} = Independent variables of firm (OS) i for time period t;

β_2 =Coefficient of control variables;

e_{it} = residual term of firm i for period t.

C_{it} = Control variables of firm i for time period t; and

e_{it} = Error term of firm i for time period t.

From equation 1 above, the following models were developed:

$$Y_{it} = f(\text{NPM, ROE}) \text{ ----- (ii)}$$

$$X_{it} = f(\text{MP, IP, PC}) \text{ ----- (iii)}$$

$$C_{it} = f(\text{SIZE, AGE}) \text{ ----- (iv)}$$

Substituting models 2, 3, and 4 into model 1, the following models were derived for performance.

$$\text{NPM}_{it} = \alpha_0 + \beta_1 \text{MP}_{it} + \beta_2 \text{IP}_{it} + \beta_3 \text{PC}_{it} + \beta_4 \text{SIZE}_{it} + \beta_5 \text{AGE}_{it} + e_{it} \text{ ---- (v)}$$

$$\text{ROE}_{it} = \alpha_0 + \beta_1 \text{MP}_{it} + \beta_2 \text{IP}_{it} + \beta_3 \text{PC}_{it} + \beta_4 \text{SIZE}_{it} + \beta_5 \text{AGE}_{it} + e_{it} \text{ ---- (vi)}$$

Where:

PERF_{it} = Return on Equity (ROE) of firm i for period t. & Net Profit Margin (NPM) I for period t

MP_{it} = proportion of the company's shares directly or indirectly owned by the manager of firm i for period t.

IP_{it} = the proportion of the company's share owned by various institutions in the company i for period t.

PC_{it} = Proportion of stocks owned by shareholders who own top 5 of the common stock of firm i for period t.

A priori expectation of this study is stated as: $\beta_1 < 0$; $\beta_2 > 0$; $\beta_3 < 0$, $\beta_4 < 0$ and $\beta_5 < 0$.

4. Data Presentation, Analysis, And Interpretation

This chapter presents the data analysis and interpretation of results. The results are fully discussed in order to reach a meaningful conclusion there from. The analyses are used to test the earlier formulated hypotheses to establish the relationship that exists among the variables expressed.

4.1 Descriptive Statistics

The sample descriptive statistics is first presented in table 4.1 where the minimum, maximum, mean, and standard deviation of the variables used in the study are described.

Table 2: Summary of Descriptive Statistics (2010-2014)

<i>Variables</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
<i>NPM</i>	30	.21	83.91	15.9560	21.96449
<i>ROE</i>	30	.01	15.17	4.9627	4.47991
<i>MP</i>	30	.02	59.60	14.9643	23.86964
<i>IP</i>	30	15.27	99.96	70.3067	32.95106
<i>PC</i>	30	52.70	98.60	84.9603	14.88565
<i>AGE</i>	30	4	40	31.00	11.567
<i>SIZE</i>	30	3	5	3.96	0.444

Source: Descriptive Statistics Results using SPSS 16.

Table 2 shows the detail account of the descriptive statistics for the dependent and independent variables respectively ROE = Return on Equity MP= Managerial Proprietorship, IP= Institutional Proprietorship, PC= Proprietorship Concentration, SIZE = Firm Size, AGE= Number of Years. In particular, the mean and standard deviation (SD) of all the variables is provided. In addition, the minimum and maximum is displayed in order to provide some insight into the range between variables.

The study found that Net Profit Margin ranged from 21% to 83% with a mean of 155% and a standard deviation of 219%. Performance of firms as measured by NPM was therefore high as they made an average of 155% margin of profit. The study also found that Return on Equity ranged from 2% to 59% with a mean of 4.9% and a standard deviation of 4.4%. Performance of firms as measured by ROE was therefore high as they made an average of 4.9 % return on their equity. Managerial Proprietorship ranged from a low of 2% to a high of 59% with a mean of 14% and a standard deviation of 23%. Thus, on average firms had managerial proprietorship of 14% meaning that just 14% of the shares were owned by directors in most of the conglomerate firms. It is found that Institutional proprietorship ranged from a minimum of 15% to a high of 99% with an average of 70% and a standard deviation of 32%. Thus, on average firms had Institutional of 70% meaning that 70% of the shares were owned by institutional holdings in most of the conglomerate firms. Similarly, Proprietorship Concentration ranged from a low of 52% to a high of 98% with a mean of 84% and a standard deviation of 14%. Thus, on average firms had Proprietorship Concentration of 84% meaning that 84% of the shares were owned by Proprietorship Concentration in most of the conglomerate firms. Furthermore, the high standard deviation of the corporate possessions, firms' size and number of years indicate that, the sample firms are of varying size and maturity. This is further substantiated by their average values of 31, and 3.9 respectively. Hence, this justifies the inclusion of size, number of years and corporate proprietorship s in the model.

The standard deviation reveals that the data of corporate proprietorships are far spread across the mean of the data; this simply implies that the corporate proprietorships of conglomerate firms in Nigeria are not similar. This is further confirmed by the disparity between the maximum and minimum. Thus, the corporate proprietorship of conglomerates firms vary with a great deal from one firm to the other.

4.2 Correlation Matrix

Table 3 below shows the correlation between the explained variable and the explanatory variables of the study respectively ROE = Return on Equity MP= Managerial Proprietorship, IP= Institutional Proprietorship, PC= Proprietorship Concentration, SIZE = Firm Size, and AGE= Number of Years.

Table 3 Correlation Matrix

		MP	IP	PC	ROE	NPM	SIZE	AGE
MP	Pearson Correlation	1	-.462(*)	.303	-.003	-.369(*)	-.192	-.256
	Sig. (2-tailed)		.010	.104	.986	.045	.309	.173
	N	30	30	30	30	30	30	30
IP	Pearson Correlation	-.462(*)	1	-.642(**)	.267	.466(**)	-.161	-.098
	Sig. (2-tailed)	.010		.000	.153	.010	.395	.605
	N	30	30	30	30	30	30	30
PC	Pearson Correlation	.303	-.642(**)	1	-.079	.081	.561(**)	-.308
	Sig. (2-tailed)	.104	.000		.678	.670	.001	.098
	N	30	30	30	30	30	30	30
ROE	Pearson Correlation	-.003	.267	-.079	1	.627(**)	-.242	.270
	Sig. (2-tailed)	.986	.153	.678		.000	.197	.149
	N	30	30	30	30	30	30	30
NPM	Pearson Correlation	-.369(*)	.466(**)	.081	.627(**)	1	.293	-.066
	Sig. (2-tailed)	.045	.010	.670	.000		.116	.730
	N	30	30	30	30	30	30	30
SIZE	Pearson Correlation	-.192	-.161	.561(**)	-.242	.293	1	-.522(**)
	Sig. (2-tailed)	.309	.395	.001	.197	.116		.003
	N	30	30	30	30	30	30	30
AGE	Pearson Correlation	-.256	-.098	-.308	.270	-.066	-.522(**)	1
	Sig. (2-tailed)	.173	.605	.098	.149	.730	.003	
	N	30	30	30	30	30	30	30

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Source: Correlation Results using SPSS 16, 2016

From the table above, managerial proprietorship are not significantly correlated with the Institutional, firm size, firm age, net profit margin, and return on equity. The correlation values were -46%, -19%, and 26%, -37%, -3%, respectively. This indicated that as managerial proprietorship was increasing, other independent variables; Institutional, firm size and firm age including the dependent variables are decreasing.

Conversely, there was a strong positive correlation between Proprietorship Concentration and managerial proprietorship. Increase in managerial proprietorship shows increase in Proprietorship Concentration with correlation coefficient of 30%. Similarly, managerial proprietorship, proprietorship concentration, firm size, and firm age of the conglomerates are not significantly correlated with the institutional proprietorship, correlation value were; -46%, -64%, -16%, and 93% respectively. This indicated that as institutional proprietorship was falling, other independent variables were falling as well. Furthermore, there was an inverse correlation relationship between institutional proprietorship and conglomerate performance. Decrease in corporate possession shows an increase in return on equity and net profit margin with correlation coefficient of 26% and 47% respectively. The influence of Proprietorship Concentration on performance of Conglomerate firm in Nigeria shows that the corporate possession is not significantly correlated with return on equity and firm age. The correlation values are -79% and -31%, respectively. But correlate with the managerial proprietorship, Institutional proprietorship, and net profit margin and firm size which has positive value of 30%, 64%, 81%, 56% respectively. This indicated that as Proprietorship Concentration was rising, firm age and return on equity are negative. One independent variable; firm age and one dependent variable, ROE were decreasing.

However, there was a positive correlation between Proprietorship Concentration and performance. Increase in Proprietorship Concentration shows an increase in net profit margin with correlation coefficient of 81%. However, relationship between size of the firm's managerial proprietorship, Institutional proprietorship, and Proprietorship Concentration was not strong. The relationship between the independent variables themselves was found to be fairly significantly related except few of them that were strongly significantly related. These on average Proprietorship Concentration significantly related with managerial proprietorship and firm size but negatively with firm age, and other independent variables.

4.3 Presentation and interpretation of Regression Result on Return on Equity

This session presents the regression result of the dependent respectively ROE = Return on Equity MP= Managerial Proprietorship, IP= Institutional proprietorship, PC= Proprietorship Concentration, SIZE = Firm Size, AGE= firm age. The presentation follows with the analysis of the association between the dependent variable and each individual independent variable and also the cumulative analysis is also captured. The summary of the regression result obtained from the model of the study $ROE_{it} = \alpha_0 + \beta_1 MP_{it} + \beta_2 IP_{it} + \beta_3 PC_{it} + \beta_4 SIZE_{it} + \beta_5 AGE_{it} + e_{it}$ are presented in table 4 below

Test Of Hypothesis

Table 4 Summary of Regression Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.594 ^a	.353	.218	3.96161

a. Predictors: (Constant), PC, MP, AGE, IP, SIZE

Source: SPSS Output, 2016.

Table 5 ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	205.354	5	41.071	2.617	.050 ^a
Residual	376.664	24	15.694		
Total	582.017	29			

a. Predictors: (Constant), PC, MP, AGE, IP, SIZE

b. Dependent Variable: ROE

Source: SPSS Output, 2016.

The cumulative R² of 35% which is the multiple coefficient of determination gives the proportion of the total variation in the dependent variable explained by the independent variable jointly. Hence, it signifies 35% of the total variation in ROE of listed conglomerate firms in Nigeria is caused by their corporate possession mix of MP= Managerial Proprietorship, IP= Institutional proprietorship, PC= Proprietorship Concentration, SIZE = Firm Size, AGE= Number of Years while the remaining 65% are caused by other factor not mention. This indicates that the model is fit and the independent variables are properly selected, combined and used that can explain the dependent variable. This implies that for any changes in corporate possession of listed conglomerate firms in Nigeria, their return on equity will be affected directly.

The F. statistic which is approximately 3% which is greater than 2% as a rule of thumb is statistically significant at a level of 5%, which means that ROE and components of corporate possession model are fit and there is a 99.9 percent probability that the relationship among the variables is not due to mere chance.

Table 6 Variable Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-24.302	14.995		-1.621	.118
AGE	.233	.100	.601	2.338	.028
SIZE	-.367	2.879	-.036	-.127	.900
MP	.069	.048	.366	1.436	.164
IP	.116	.037	.850	3.105	.005
PC	.169	.084	.561	2.007	.056

a. Dependent Variable: ROE

Source: SPSS Output, 2016.

Table 6 shows that two of the variables are significant which include of both independent variable (Institutional and firm age) while one control variable (firms' size) and other two corporate possession is insignificant is include managerial proprietorship and Proprietorship Concentration. Institutional and firm age is significant at 5% and 3%. While other independent variables are insignificant managerial proprietorship at 16%, Proprietorship Concentration is 5.6% and firm size is 9%. This reveals that all the corporate possession mix and control variables used in the study explain the performance of listed conglomerate firms in Nigeria except for the control variables. The implication is that, it shows the fitness of the study model and the correct selection of the explanatory variables but insignificant of the control variables for the first model of the study.

The results for each hypothesis are presented below

H₀₁ Managerial proprietorship has no significant impact on the Performance of listed conglomerates in Nigeria.

Proprietorship mix measured by managerial proprietorship is found to be insignificant and negatively associated with return on equity at 16% level of significant indicating that managerial proprietorship influences performance of listed conglomerates in Nigeria. However, the above result shows that equity component of

corporate proprietorship showing that the variable is statistically insignificant in influencing performance, this therefore, provides an evidence that it fails to reject the null hypothesis one (H_{01}) of the study. Thus, for hypothesis 1, H_{01} is accepted. Therefore; managerial proprietorship has no significant impact return on equity.

H_{02} Proprietorship Concentration has no significant effect on the Performance of listed conglomerates in Nigeria.

Proprietorship mix measured by Proprietorship Concentration is found to be significant and positively associated with return on equity at 5% level of significant indicating that Proprietorship Concentration influences performance of listed conglomerates in Nigeria. However, the above result shows that concentration component of corporate proprietorship showing that the variable is statistically significant in influencing performance, this therefore, provides an evidence of rejecting the null hypothesis two (H_{02}) of the study. Thus, for hypothesis two, H_{02} is rejected. Therefore, Proprietorship Concentration has significantly impacted return on equity.

H_{03} Institutional proprietorship has no significant influence on the Performance of conglomerate companies in Nigeria.

Proprietorship mix measured by Proprietorship Concentration is found to be insignificant and negatively associated with return on equity at 5.6% level of significant indicating that Proprietorship Concentration influences performance of listed conglomerate firms in Nigeria. In line with the result displayed above, it shows that institutional component of corporate proprietorship showing that the variable is statistically significant in influencing performance, this therefore, provides an evidence that the null hypothesis three (H_{03}) of the study fail to be rejected. Thus, for hypothesis 3, H_{03} is accepted. Therefore, Proprietorship Concentration has not significantly impacted return on equity of conglomerates in Nigeria.

4.4 Presentation and interpretation of Regression Result of Net Profit Margin

This section presents the regression result of the dependent variable (NPM) and the independent variables of the study (Managerial Proprietorship, Institutional Proprietorship, Proprietorship Concentration, Firm Size, and firm age). The presentation was preceded with the analysis of the association between the dependent variables and each individual independent variable. The cumulative analysis is also captured. The summary of the regression result obtained from the model of the study $NPM_{it} = \alpha + \beta_1MP_{it} + \beta_2IP_{it} + \beta_3PC_{it} + \beta_4SIZE_{it} + \beta_5AGE_{it} + e_{it}$ are presented in table 7 below

Test of Hypothesis

Table 7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.753 ^a	.567	.477	15.88392

a. Predictors: (Constant), PC, MP, AGE, IP, SIZE

Source: SPSS Output, 2016.

Table 8 ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7935.553	5	1587.111	6.291	.001 ^a
	Residual	6055.174	24	252.299		
	Total	13990.728	29			

a. Predictors: (Constant), PC, MP, AGE, IP, SIZE

b. Dependent Variable: NPM

Source: SPSS Output, 2016.

The cumulative R^2 is 57% which is the multiple coefficient of determination, gives the proportion of the total variation in the dependent variables explained by the independent variables jointly. Hence, it signified that 57% of the total variation in net profit margin of listed conglomerate firms in Nigeria is caused by their corporate possession mix of managerial proprietorship, Institutional and Proprietorship Concentration, Firm Size and Number of Years while the remaining 43% are caused by other factor not captured in the study. This indicates that the model is fit and the independent variables are properly selected, combined and used that can explain the dependent variable. This implies that, for any changes in corporate proprietorships of listed conglomerates in Nigeria, net profit margin will be affected directly.

The F. statistic of 6.2% which is greater than 2% as a rule of thumb, it is statistically significant at a level of 1% means that net profit margin and components possession mix model are fit and there is a 99.9 percent probability that the relationship among the variables is not due to mere chance.

Table 9 Variable Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-202.770	60.121		-3.373	.003
AGE	.800	.399	.421	2.004	.057
SIZE	15.664	11.543	.316	1.357	.187
MP	.062	.192	.067	.322	.750
IP	.677	.149	1.016	4.539	.000
PC	.981	.337	.665	2.909	.008

a. Dependent Variable: NPM

Source: SPSS Output, 2016.

Table 9 above shows that all the variables are positive, these inclusive both independent variables (institutional proprietorship) while managerial proprietorship, Proprietorship Concentration and control variables (firm age, & firms' size) are negatively and insignificant at 5%. This reveals that majority of the proprietorship mix and control variables used in the second model adequately explain the performance of listed conglomerate firms in Nigeria. The implication is that, it shows the fitness of the study model and the correct selection of the explanatory variables are statistically significant for the third model of the study.

The results for each hypothesis are presented below:

H₀₁ Managerial proprietorship has no significant impact the Performance of listed conglomerates in Nigeria. Proprietorship mix measured by managerial proprietorship is found to be statistical insignificantly associated with net profit margin at 57%. Indicating that managerial proprietorship has no influence on performance of listed conglomerates in Nigeria. However, the above result shows that equity component of corporate proprietorship showing that the variable has no statistically significant in influencing performance, this therefore, provides an evidence of accepting the null hypothesis one (H₀₁) of the study. Thus, for hypothesis 1, H₀₁ is accepted. Therefore, managerial proprietorship has no significantly impacted net profit margin.

H₀₂ Proprietorship Concentration has no significant effect on the Performance of listed conglomerate firms in Nigeria.

The component of a firm Proprietorship mix measured by Proprietorship Concentration is found to be insignificant and negatively associated with return on equity at 8%. It shows that Proprietorship Concentration has no influence performance of listed conglomerates in Nigeria. In line with the above result reported on component of proprietorship mix showing that, the variable is statistically insignificant in influencing performance; this result therefore, provides evidence to accept the null hypothesis two of the study. Thus, for hypothesis two, H₀₂ is accepted. Therefore, Proprietorship Concentration has not significantly impacted on net profit margin.

H₀₃ Institutional has no significant influence on the Performance of listed conglomerate companies in Nigeria.

To test the soundness of a firm's institutional proprietorship mix measured by the proportion of institutional holding to net profit margin signified that, it is statistically and positively significant at 0.000% level. This means that it is positively associated with performance of listed conglomerates in Nigeria. With respect to the result displayed above as institutional holding, it showed that, the variable is statistically significant in contributing to performance. This therefore, provides an evidence to reject the null hypothesis three of the study. Thus, for hypothesis three, H₀₃ is rejected. Therefore, institutional holding has insignificantly impacted on net profit margin.

Based on the foregoing result, the researcher have enough evidence to reject the null hypothesis which states institutional proprietorships has no significant influence on the Performance of listed conglomerates in Nigeria.

4.5 Discussion of Findings

i. Managerial Proprietorship and Performance

Hypothesis one of the study, shows that managerial possession has no significant influence on its return on equity. However, from table 4 of the first model, it is observed that the p- value for Managerial Proprietorship (MO) is 1.64% and a coefficient value of 37%. This signifies that Managerial Proprietorship of conglomerate firms listed in Nigeria is negatively and insignificantly influenced return on equity, that is; ability of the conglomerate firms to utilize their director's shares to increase returns. This implies that for every one percent (1%) decrease in managerial shareholding, the performance of listed conglomerate firms in Nigeria will increase

by N0.37 on its equity. This may be as a result of an effective monitoring system of the shareholders which can minimize the managerial utility and maximize returns to owners. This finding support with that of previous studies such as Clarkson et al (2011), Psaroulis (2011), Qu and Zhang (2010) and Khanagha (2011) Chen (2004), Jensen (1986) and Williamson (1988) among others. While other studies such as Lee et al (2013), Kargin (2013), Galaen & Stenheim (2010), Chalmers (2010), and Palae (2013) were in contrast with our findings.

ii. Proprietorship Concentration and performance

The regression result reveals that Proprietorship Concentration as showed in table 4 have a p-value of 5.6% and a coefficient value of 85% with t-statistic of 2%. This signifies Proprietorship Concentration of conglomerate firms listed in Nigeria, is significant but positively impacted their return on equity. This implies that any one percent (1%) increase in value of share of the listed conglomerate firms in Nigeria will increase their return on equity by N0.85. This could be as a result of increase on the return in proportion of revenue on equity for revenue generation. Also, their proportion of share to influence decision tends to carry a less deal of weight than the non-controlling interest as compared to their total share capital. The finding is in line with the study of La Porta et al. (1998), Bridges (2009), and Khanagha (2011), and is contrary to those of (Agrawal & Knoeber, 1996; Craswell et al., 1997; Loderer & Martin, 1997; Navissi & Naiker, 2006).

iii. Institutional Proprietorship and Performance

The Institutional showed a p-value of 5% and a beta value of 0.56 with t-statistics value of 3%. This signifies that Institutional is strong and significantly influencing return on equity of listed conglomerate firms in Nigeria. It implies that when there is an increase in Institutional proprietorship by one percent (1%), the return on equity of listed conglomerate firms will increase by N0.85 other factor hold constant. This may be as a result of the fact that provider of fund makes use of this ratio to assess the level of solvency and how equity is able to cover their tangible assets. This is because debt providers usually mortgage their debt on tangible asset for hedge in the event of default. The finding is in line with view of Osward and Jahera (1991), Mehran (1995), Houlthausen and larker (1996), Cole and Mehran (1998), while others find negative relationship and in contrast with the results of (Jarell & Poulsen, 2000; Slovin & Sushka, 2003).

iv. Managerial Proprietorship and Performance

The hypothesis one, using the second model, corporate proprietorship have no significant influence on performance. However, from table 7 regression result, it is observed that the p- value for managerial ownership 0.75 with a coefficient value of 0.067 with t- statistic of 3.2%. This signifies that managerial proprietorship of conglomerate firms listed in Nigeria is negative and insignificantly influenced net profit margin; that is, ability of the conglomerate firms to utilize and equip their capital for revenue generation, the higher the director's interest lower the net profit margin. This implies that for every one percent (1%) increase in insider owner's share of listed conglomerate firms in Nigeria, the lower net profit margin by N0.67. This may be as a result of directors reward are usually treated as expenses which has no relation to the share capital. This finding is in line with study of Langfield-Smith (1997), Agostino (2009), Lee (2013), and Galaen and Stenheim (2010). In contrast with the finding of Turel (2009), Kargin (2013).

v. Proprietorship Concentration and Net Profit Margin

The regression result reveals that Proprietorship Concentration reveals in table 4 have a p-value of 0.008 and a coefficient value of 67% with a t-statistic of 45%. This signifies that, Proprietorship Concentration; that is, equity level of conglomerate firms listed in Nigeria is fairly weak, is insignificantly and negatively impacted on net profit margin. This implies that any one percent (1%) increase in equity level of the listed conglomerate firms in Nigeria will have negatively impact on their net profit to reduce by N0.67 each unit of shares. This may be as a result of substantial increase in total profit to the firm in respect to their level of sale. The finding is in line with the views of (Sonfield & Lussier, 2004; Villalonga & Amit, 2006).

vi. Institutional Proprietorship and Net profit margin

The Institutional showed a p-value of 0.000 and coefficient value of 1% with significant value of 0.75. This signifies that Institutional are significant in influencing net profit margin of listed conglomerate firms in Nigeria. This implies that any one percent (1%) increase in equity level of the listed conglomerate firms in Nigeria will have positive impact on their net profit increase by N0.67 each unit of shares. This finding correspond with that of previous studies such as Qu and Zhang (2010) and Khanagha (2011) Chen (2004), Jensen (1986) and Williamson (1988) among others. While other studies such as Lee et al (2013), Kargin (2013), Galaen & Stenheim (2010), were in contrast with our findings.

5. Summary, Conclusions, And Recommendation

The study investigated the impact of corporate proprietorship on performance of listed conglomerate firms in Nigeria. A multiple regression models were used with the aim of explaining and predicting empirically the performance of managers as a result of changes in corporate ownership. The models used for the study estimate the association and impact of three explanatory variables (Managerial Proprietorship Institutional Proprietorship, Proprietorship Concentration) and two control variables (firm size and age) on two dependent variables (return

on equity and net profit margin) through the use of ordinary least square techniques. The independent variable of this study constituted the components of possession mix which are (managerial proprietorship Institutional Proprietorship, Proprietorship Concentration). The three corporate ownership mix forms the bases of the three hypothesis of the study. The performance was proxies with return on equity and net profit margin. Control variables (firm size and age) were introduced; since these variables could affect the degree of performance.

5.1 Conclusion

As a result of the foregoing discussion and analysis in the previous chapters, this study has statistically and empirically provides evidence on the usage of three independent variables that constitute corporate proprietorship: managerial proprietorship, Institutional Proprietorship, and Proprietorship Concentration, in analyzing and forecasting performance of the sampled firms, using two models, the study concludes that corporate proprietorship has positive and significantly impacted on return on equity and net profit margin adjusted squares of 22% and 48% with significance value of 0.050 and 0.001 respectively.

5.2 Recommendations

The study recommends that conglomerate companies should desist from higher levels of block holder owners in order to reduce Proprietorship Concentration. This will help improve the profitability of conglomerate firms. Secondly, the study recommends that conglomerate firms should allow more institutional investors in their firms as the higher levels of Nigerian ownership would lead to better performance. Thirdly, the study recommends that the listed firms should encourage local investors to invest in their firms as the higher levels of local proprietorship would also lead to better firm profitability. There is need therefore, to balance between local and foreign investors. Lastly, the study recommends that managerial proprietorship in conglomerate firm in Nigerian should be reduced. This is because higher levels of managerial ownership are detrimental to the profitability of the conglomerate firms.

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Appendix 1

Descriptive Statistics of Return on equity, Net Profit Margin, Managerial Ownership, Institutional Ownership, Ownership Concentration, Firm Size and Firm Age

Variables	N	Minimum	Maximum	Mean	Std. Deviation
AGE	30	4	40	31.00	11.567
SIZE	30	3	5	3.96	.444
ROE	30	.01	15.17	4.9627	4.47991
NPM	30	.21	83.91	15.9560	21.96449
MO	30	.02	59.60	14.9643	23.86964
IO	30	15.27	99.96	70.3067	32.95106
OC	30	52.70	98.60	84.9603	14.88565
Valid N (list wise)	30				

Correlation Matrix

		AGE	SIZE	ROE	NPM	MO	IO	OC
AGE	Pearson Correlation	1	-.522(**)	.270	-.066	-.256	-.098	-.308
	Sig. (2-tailed)		.003	.149	.730	.173	.605	.098
	N	30	30	30	30	30	30	30
SIZE	Pearson Correlation	-.522(**)	1	-.242	.293	-.192	-.161	.561(**)
	Sig. (2-tailed)	.003		.197	.116	.309	.395	.001
	N	30	30	30	30	30	30	30
ROE	Pearson Correlation	.270	-.242	1	.627(**)	-.003	.267	-.079
	Sig. (2-tailed)	.149	.197		.000	.986	.153	.678
	N	30	30	30	30	30	30	30
NPM	Pearson Correlation	-.066	.293	.627(**)	1	-.369(*)	.466(**)	.081
	Sig. (2-tailed)	.730	.116	.000		.045	.010	.670
	N	30	30	30	30	30	30	30
MO	Pearson Correlation	-.256	-.192	-.003	-.369(*)	1	-.462(*)	.303
	Sig. (2-tailed)	.173	.309	.986	.045		.010	.104
	N	30	30	30	30	30	30	30
IO	Pearson Correlation	-.098	-.161	.267	.466(**)	-.462(*)	1	-.642(**)
	Sig. (2-tailed)	.605	.395	.153	.010	.010		.000
	N	30	30	30	30	30	30	30
OC	Pearson Correlation	-.308	.561(**)	-.079	.081	.303	-.642(**)	1
	Sig. (2-tailed)	.098	.001	.678	.670	.104	.000	
	N	30	30	30	30	30	30	30

** Correlation is significant at the 0.01 level (2-tailed)

Correlation is significant at the 0.05 level (2-tailed).

Regression Result of Return on equity, Managerial Ownership, Institutional Ownership, Ownership Concentration, Firm Size and Firm Age

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.594(a)	.353	.218	3.96161

a Predictors: (Constant), SIZE, IO, MO, AGE, OC

ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	205.354	5	41.071	2.617	.050(a)
	Residual	376.664	24	15.694		
	Total	582.017	29			

a Predictors: (Constant), SIZE, IO, MO, AGE, OC

b Dependent Variable: ROE

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	-24.302	14.995		-1.621	.118
	MO	.069	.048	.366	1.436	.164
	IO	.116	.037	.850	3.105	.005
	OC	.169	.084	.561	2.007	.056
	AGE	.233	.100	.601	2.338	.028
	SIZE	-.367	2.879	-.036	-1.127	.900

a Dependent Variable: ROE

Regression Result of Net Profit Margin, Managerial Ownership, Institutional Ownership, Ownership Concentration, Firm Size and Firm Age

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.753(a)	.567	.477	15.88392

a Predictors: (Constant), SIZE, IO, MO, AGE, OC

ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7935.553	5	1587.111	6.291	.001(a)
	Residual	6055.174	24	252.299		
	Total	13990.728	29			

a Predictors: (Constant), SIZE, IO, MO, AGE, OC

b Dependent Variable: NPM

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	-202.770	60.121		-3.373	.003
	MO	.062	.192	.067	.322	.750
	IO	.677	.149	1.016	4.539	.000
	OC	.981	.337	.665	2.909	.008
	AGE	.800	.399	.421	2.004	.057
	SIZE	15.664	11.543	.316	1.357	.187

a Dependent Variable: NPM