ADDIS ABABA UNIVERISITY SCHOOL OF COMMERCE

DEPARTMENT OF BUSINESS LEADERSHIP

THE EFFECT OF OWNERSHIP STRUCTURE ON FIRM PERFORMANCE AMONG SELECTED ETHIOPIAN COMPANIES

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A REASERCH PROJECT SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE DEPARTMENT OF BUSINESS LEADERSHIP, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS OF ART DEGREE IN BUSINESS LEADERSHIP.

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Addis Ababa, Ethiopia

STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other institution, or university other than the Addis Ababa University – School of Commerce for academic purpose. Sources of material used for the work have been duly recognized.

Signed_____ Date_____

Ayantu Abate

STATEMENT OF CERTIFICATION

This is to certify that, this project work *The Effect Of Ownership Structure On Firm Performance Among Selected Ethiopian Companies* undertaken by Ayantu Abate, in partial fulfillment of the requirements for Master of Arts in Business Leadership at Addis Ababa University School of Commerce in the Year 2023, is an original work and not submitted earlier for any Degree either at this university or any other university.

Signed_____

Date_____

Mahir Jbril (PhD), Research Project Advisor,
Addis Ababa University, 2023

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE BUSSINESS LEADERSHIP (MBL) PROGRAM

The Effect of Ownership Structure On Firm Performance Among Selected Ethiopian Companies

By: Ayantu Abate

This Project work has been presented for examination with our approval as the appointed supervisor.

Signed_____ Date_____

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Abbreviations

ANOVA	Analysis of Variance
DR	Debt ratio
FA	Firm Age
FS	Firm Size
HHI	Herfindal Hirschman Index
ROA	Return of Asset
ROE	Return of Equity

ABSTRACT

This paper explores and is about the effect of ownership structure on a firm performance among selected Ethiopian companies. The data collected for this research is for the period May-June, 2023 and the sample consists of 20 companies among which are 4 sole proprietorship, 6 partnership and 10 share companies. The general objective of the study was to determine the effect of ownership structures on firm performance of those companies. Three specific research questions are applied to explore and see the relationships between the ownership structure (characterized by owners' identity and ownership concentration) and firm performance; 20 companies were selected randomly for this study and secondary data were gathered from the review of financial documents requested from responsible government organ.. Ownership concentration is measured and valued by the percentage of shares owned by the leading five shareholders and HHI while the performance measures applied are ROA and ROE. Correlation analysis's findings demonstrated that there is no statistically significant performance difference between solely owned, partner operated, and share companies. However, the examination of linear regression gave result that new businesses with a single owner do better than older businesses with a single owner. The second finding demonstrates the positive correlations between institutional, foreign ownership, and company performance indicators. While the association between government ownership and a firm's performance indicator shows a negative and indirect trend. Furthermore, the findings and results on the association between the four owners' identity factors and company or firm performance were the most conclusive. A positive direct correlation exists between foreign ownership and the company. There is no correlation between government ownership with business performance.

Keywords: Ownership Structure; Ownership Concentration; Ownership Identity; Firm Performance

CHAPTER 1. INTRODUCTION

1.1 Background of the study

Investigates on the impacts of proprietorship structure on corporate execution have been developing in later days. Various studies and analysis have found significant links between ownership structure and firm performance. The links between them has been the subject of an critical talk about since long time ago. The critical talk/debate goes back to the scholars Berle and Means (1932) thesis, which suggests that an inversely related correlation should be observed between the diffuseness of shareholdings and firm performance. It is known that ownership structure differs from one nation to other nation and from one establishment to other. Conceivably, it resulted in varying of performance across country and firms.

In an effort to show how the conflicting interests of different types of shareholders may affect negatively or positively corporate performance, research on ownership structure has been conducted. Agency theory predicts and emphasizes that greater managerial oversight will result from concentrated ownership, making ownership a crucial component of corporate governance. This ultimately enhances business performance. Some studies, like those by Demesetz and Lehn in 1985, Demesetz and Vilalonga in 2001, Kumar in 2003, and Rowe and Davidson in 2002, showed no conclusive link between concentrated ownership and firm worth. A substantial association between the two factors stated previously was discovered by several studies like Pivovarsky, 2003; Sanda, Mikailu, and Garba, 2005; Joh, 2002; Xu and Wang, 1999. According to several studies, there is a slight but positive correlation between concentrated ownership and value of a firm. (McConnell & Servaes, 1990).

Galant and Cadez, 2017 describe financial performance as a particular method to assess the standard of revenue production and asset utilization by a corporate, as well as to assess the overall financial status of a corporation in a given period. Financial performance, as defined by Fatihudin (2018), describes the accomplishments of corporations during a specific time period based on evaluation by a number of measures, including liquidity, leverage, profitability, solvency, capital size, market value, and growth. Financial performance was identified by Bayero and Bambale (2017) as the primary result of corporate operations and a useful metric for

gauging the efficacy of those operations. As a result, company health and survival are largely dependent on their financial performance.

The term "corporate governance" is also frequently related to the ownership structure. According to Asel (2020), corporate governance provides the board of directors with a framework of rules and guidelines that allow them to carry out their duties and obligations in front of the stakeholders.

Ethiopian researchers have looked on the connections between ownership structure and corporate success and somehow tried to figure out. The researchers study used a few carefully chosen sole proprietorships, partnerships, and corporations in our nation. The ownership structure, which is defined by ownership concentration and owner identity, is the independent variable which isn't influenced by the dependent ones in the study. Accounting profitability or financial profit is the dependent variable and is calculated as ROA (Return on Asset) and ROE (Return on Equity). Age, size, and debt ratio of the company were chosen as the control variables which means they held constant in the study.

Ethiopia recognizes six different types of commercial entities: general partnerships, limited partnerships, share companies, joint ventures, and private limited corporations. Ethiopia also recognizes "associations," which are organizations created for reasons other than making money, such as trade unions or churches. There are two other divisions within this category: "Charities" and "Societies."

In this research, the researcher has studied the effect of ownership structure on firm performance for the selected Ethiopian firms categorized as Sole proprietor, partnership and share companies. Ownership structure served as the study's independent variable. However, ROA and ROE were considered dependent variables. Firm size, firm age, and debt ratio were selected as the control variables.

1.2 Statement of the problem

A business is a group of people or an inventive entity that engages in industrial, commercial, or professional activities in a country. The objective and goal of a business (of goods or services) can be to organize some kind of economic output (of commodities or services). Businesses can be for-profit corporations or nonprofit groups with a benevolent aim or advancing a social cause. From small, local businesses to massive, global organizations, businesses range in size and

scope. In many different types of economies, businesses are run by corporations, partnerships, or single proprietorships.

In a sole proprietorship, the one founder holds complete and autonomous control over his company. All of the assets and liabilities of a sole proprietorship are considered to be the proprietor's assets and liabilities because a sole proprietorship is not a distinct legal entity.

The new Commercial Code of Ethiopia 1243/2021 on Article 3 and 5 provides the fact that the Commercial Code provisions apply to sole traders. Physical people (individual human being) undertake this type of business, and the liability is limitless. Sole or individual proprietors are subject to corporate income tax and not that of dividend tax.

Proclamation 1243/2021, the revised Commercial Code, states that a share company is a business whose assets serve solely to cover its liabilities and whose capital is predetermined in advance and which is divided into shares. As the old commercial code states, the new one also requires the same minimum capital requirement of ETB 50,000 for the creation of a share company. The par value (face value) of each share must be at least ETB 100.

As time goes on, the market economy also called capitalist economy has given rise to numerous ownership structure types with a wide range of performance variations. Therefore, it is crucial to carefully consider and comprehend these performance variances when choosing and designing a corporate organization. In light of that, the initial and basic query is which type of business is preferable for newcomers to the world of business. Therefore, every entrepreneur or business person should be aware of the fundamental performance variations among the many ownership structure types of all business organizations and should be able to determine which kind of business organization would be best for their particular venture.

In their 2012 study, Kapur and Gualu looked at eight commercial banks in Ethiopia between the years 2001 and 2008. According to their findings, private sector banks performed better in terms of profitability, asset quality, and capital adequacy measurements. Although the cost management index favored state-owned banks, there was no difference in liquidity between private and public banks. In contrast, Yaregal (2011) discovered that state-owned banks in Ethiopia perform better than private banks in terms of profitability, liquidity, and solvency. He came to the conclusion that competition may significantly increase performance of both state and private ownership and that privatization is not the only way to address the bad performance of state ownership.

Numerous researchers have studied the link between ownership and organizational success and have provided their opinions based on facts and figures (e.g. Figueira, Nellis & Parker (2009), Delis & Papani kolaou, 2009). Ownership and organizational performance is a topic that has drawn the attention of many brilliant minds and has been studied by academics for a very long time.

The study on the effects of ownership structure on firm performance is a recent phenomenon in Ethiopia. There are limited literatures on the subject matter, ownership structure and firm performance, in Ethiopia. If ownership structure's effect is known to what extent it affects firm's performance, it will be good for investors to decide on what type of structure poses better performance. Therefore, study is to examine whether there exists significant relationship between ownership type and performance in Ethiopian financial sectors.

1.3 Basic Research Questions

- Does the concentration of ownership positively related to company's performance?
- Is there a positive relationship between ownership concentration and firm performance?
- Does the variation in owners identity leads to variation in performance?

1.4. Hypothesis

The goal of the research hypothesis, according to Leedy et al. (2010), is to provide a temporary goal, an operational target, and a logical framework that will direct researchers through the process in which they gather and analyze data.

H1= Profoundly, company performance is dependent on the degree of ownership concentration.

H2=There is relationship between ownership structure and company performance in Ethiopia

1.5 Objectives of the study

1.5.1 General Objective

The major objective of the research is to investigate the impact of ownership structure on the performance of the firm using ROA and ROE as a performance measurement tools for selected Ethiopian companies.

1.5.2 Specific objectives

The specific objectives includes;

- To know whether corporate performance is different in enormous ownership structure of the companies
- To find out whether ownership concentration is positively related to companies performance
- To check whether owner identity (individual, institutional, government or foreign ownership) creates difference in company's performance

1.6 Significance of the study

The results of this study is anticipated to be significant in diverse respects, which are significant to the researcher herself, to other researchers, to the companies under study and for various parties like to shareholders, managers, CEO's etc. Mainly, to the researcher, that helps to gain more knowledge about the effect of ownership structure on firm performance and mainly significant to attain a master's degree in Business Leadership. Secondly, it may assist other researchers as a source of reference and give some highlights for others about the issue and interested in undertaking further and detail studies of ownership structure effect on firm performance. Thirdly, based on the study findings, the report had some conclusions and provides some recommendations that will significantly empower and support the sampled companies that identify the effect of ownership structure on firm performance and to take corrective remedies to keep the existing effect of ownership structure that improve their performance. Lastly, it is significance for various parties. More importantly, it is significant for managers and shareholders of companies, potential investors. It contributes to improvement of investment decisions. By providing information to management bodies and shareholders about the effects of ownership structure on firm performance of their industry and the care needs to be made during investment decisions. Furthermore, this study expected to be important for current shareholders and potential investors by giving an ample knowledge and direction about the relationship between ownership structure and performance.

1.7 Scope of the study

The study's scope is limited to the impact of ownership structure on corporate performance, using 20 Ethiopian enterprises as samples. The companies were selected randomly based on the availability of data. Also the researcher can manage to do it within the time frame given. Among many other factors, the study places special emphasis on the effect of ownership structure on business success and achievement. The study made use of return on equity (ROE), which is computed by dividing net income by shareholders' equity. Since shareholders' equity is equal to a company's assets less its debt (liability), return on equity (ROE) and return on assets (ROA) are used as indicators of a company's profitability in relation to its total assets. One-person/sole proprietor businesses, partnerships, and stock companies may be the most well-known organizational types. One owner of a sole proprietorship is known to have unrestricted liability for the company. Two or more persons form a partnership to pool and accumulate resources for the company and split earnings and losses. Another type of corporate entity that frequently issues shares to raise funds for tactical and strategic purposes is the share company. In other nations, public company shares are exchanged on regulated stock exchanges, but in our country, there is no secondary market. The capital or secondary market, which is currently ineffective, will soon begin in our state.

1.8 Organizations of the Study

The study is structured in to five chapters. The first chapter presents the introduction part or proposal part. The second chapter is about literature reviews while the third chapter contains brief description of the research methodology. The fourth chapter talks concerning analysis and result. Finally, chapter five avails the conclusion and recommendation of the study.

1.9 Definition of terms

 Corporate performance: refers to the analysis of how good quality an organization attains its goals.

 Ownership concentration: It is a type of a governance mechanism in which owners can control and influence the managers to protect their interests as stated by scholar named Maug, in 1998.

 Ownership structure: refers to all about who owns a business entity.

 Firm performance: can be defined and measured in terms of profitability, growth, ,market value, total return on shareholder, economic value added and customer satisfaction which is based on stakeholders expectations (Carroll,2004)

 Performance: It is a dynamic concept that shows accomplishment and fulfillment of a given task with efficiency and effectiveness beyond known standard.

CHAPTER 2. REVIEW OF RELATED LITERATURE

2.1 Agency Theory

This theory emerged in the 1970s. Berle and Means [1932] in contemporary corporations share ownership is widely distributed due to this reason manager's start doing actions which are far unlike from those required to capitalize shareholder returns. Detachment of ownership and control has been characterized as an agency problem by [Jensen, Meckling 1976]. They defined managers as the hired agents whose goal is to maximize profit for the major stockholders. Agents may engage in moral hazard behavior to improve their income because they do not own the corporate resources; as a result, owners suffer losses. This leads to the concepts of agency and cost. The agency theory also discussed some of the measures that will minimize agency losses, such as manager incentive programs that will reward them for maximizing shareholder interests. According to Jensen and Meckling (1976), one of the methods used to lower agency costs is the issue of shares to executives at a discounted price. In this way, the interests of executives and the significance of common shareholders might be aligned.

2.2 Stakeholder's Theory

Stakeholder theory discusses the morals and principles that govern commerce. Freeman [1984] presented it in his book Strategic Management. A stakeholder approach aids in identifying the groups that make up a corporation's stakeholders and suggests measures to safeguard these groups' interests. In this idea, the "principle of who or what counts" is discussed. The needs of the company's traditional owners or shareholders were initially met because they were regarded as important. However, according to the stakeholder theory, corporate operations can have a substantial impact on other groups, including the government, suppliers, business partners' societies, and occasionally competitors. Corporate governance, according to Friedman (2007a), is a mechanism for businesses to make more money by abiding by societal norms. Wolfensohn [1999] stated that "Corporate governance deals with promoting corporate fairness, transparency, and accountability".

2.3 Corporate Governance

Corporate governance refers to the mechanism by which companies are guided, influenced and controlled. Boards of directors (BoDs) are responsible for the governance of their respective

companies. It is the main pillar of companies and organizations. It is the system, method, and culture that controls the connection between corporates' shareholders, managers, clients, and board of directors; the broader the scope of its structure and inclusion, the higher the benefits for its stakeholders (Shehata, 2016). Corporate governance has a main objective, which is to ensure achieving all interests of stakeholders, recognizing their rights, as well as the achieving goals and strategic guidelines of organizations. The more corporate governance can bring into line the interests of stakeholders, the more corporates will be capable to focus on their enlargement and improve their financial performance. Because of distress related to deception incidents in financial reporting, in recent decades, corporate governance has been increasingly prevailing and applied in many countries all over the world (Lockwood, 2010). As mentioned by Elnahass et al. (2022), having an active board of directors can powerfully contribute to the establishment of healthy corporate governance. According to Ibrahim (20218), corporate governance tools are the BOD and audit committees; both of them are liable for observing and assessing the decisions taken by managers, in favour of stakeholders, and can also influence these decisions.

As identified by researchers and legal entities, poor corporate governance is one main reason for global economic and financial crises. This demonstrates the supremacy of corporate governance, which is important for a company's formation, growth, and strong financial performance (Elnahass et al., 2022 AlGamrh et al. (2018) reported that corporate governance has a significant impact on the external and organizational environment in both adverse and favourable circumstances. There is a widely held belief that lax corporate governance may be the cause of the volatility in the world's financial markets and the low share value of many companies. Ballester et al. (2020).

With no clear theories that provide assumptions and evidence, several definitions and studies offer a comprehensive overview of ownership and organizational structure, corporate governance, and their relation to firm performance. As a result, a number of theories—including stewardship theory, stakeholders' theory, agency theory, and resource dependence theory—emerged to address this vacuum (Ujunwa, 2012). According to Denis and McConnell (2003), one way for shareholders to exercise their rights in corporate governance is through the agency hypothesis. This notion is applied when the shareholders are thought of as the company's owners.

The idea of agency serves as the main theoretical underpinning for this study's exploration of how corporate governance influences business performance.

Agency issues and business performance are inversely correlated. According to Liu et al. (2014), the key factor contributing to rising share prices and bettering company performance is decreased agency issues. This idea focuses solely on the interests of the shareholders in raising the share prices. The narrow agency theory is particularly relevant to the purpose of this thesis, which is primarily focused on studying how corporate governance affects company performance. This is achieved by demonstrating the interdependence between corporate governance and financial performance.

2.4 Ownership Structure

Ownership structure is the system by which people or organizations hold equity in a company or firm. Who owns a particular company is made understandable by the ownership structure of the company itself. People who own private structures have control over who purchases and sells shares. Shares of corporations with public ownership may be purchased and sold by public investors on the open market available.

The ownership structure of a corporation was based on information about the shareholders as well as the distribution of shares with regard to capital and voting rights. It is crucial to appreciate how shareholders interact with corporate management because the fundamental idea behind ownership structures is to understand this interaction whenever it is possible to identify the ultimate owner of a specific group of companies since ownership arrangements may be influenced by elements that are country-specific, such as national culture, business customs, and incentives. Different economic sectors may have a variety of sustainable ownership structures, each of which enhances the organization's competitiveness and overall health. Failure to create a long-term ownership structure could lead to outcomes completely at odds with what the shareholders want. The ownership structure is consequently shown in this circumstance to be one of the most important factors in boosting the success of the firm. The ownership structure is one of the pillars of corporate governance because it represents the characteristics of the owners and their ownership shares in the company. It also serves as a tool for executive management to exercise control over and manage a varied company. (Teulon et al., 2019).

The division of share ownership among the classes of shareholders can be referred to as the ownership structure. The groups that each possesses a portion of the company's capital are referred to as the ownership structure. By dividing the number of shares held by each class by the total number of firm shares, one can calculate the percentage of ownership of each class. The researcher contends that the distribution of ownership among the company's owners, who are linked by a legal system and shared objectives, is reflected in the ownership structure. The ownership structure combines the ownership holdings of a number of owners who have various goals and interests. (Valdés et al., 2012).

The connection between ownership structure and financial performance has long been a source of interest and debate in the literature on corporate finance. They highlighted the conflicting interests that exist between controllers and supervisors. They contend that as ownership disperses, shareholders' ability to influence management will decrease. They argue that there should be a negative correlation between ownership concentration and corporate performance. (Fazlzadeh et al., 2011).

To be fully understood, the ownership structure of a corporation must be seen as an endogenous result of decisions made in response to shareholder involvement and share market activity. In essence, when the shareholders of publicly traded firms accept a new secondary distribution and the owners of privately held companies opt to sell shares, they are changing and, most likely, diluting the ownership structure of their respective organizations. Subsequent share trading will reflect the desire of both new and existing shareholders to modify their ownership shares in the company. The ownership structure of the company would be significantly and directly impacted by those who would acquire ownership in the case of a corporate takeover. The ownership structure of a corporation reflects the choices made by persons who currently or possibly own shares in that company. Because shareholders' desire to maximize profits should impact any emerging ownership structure, whether concentrated or diffuse, there shouldn't be a consistent association between changes in ownership structure and differences in firm performance. (Wellalage and Locke, 2012; Saleh et al., 2017; Alabdullah, 2018).

There are two ways of thinking about an efficient ownership structure. First off, insiders and managers of the firm become shareholders if they buy a certain amount of the company's shares, which is thought to reduce agency conflicts and match management and shareholder interests.

Second, outsiders with a sizable stake in the company's stock have more influence and reason to monitor management. (Aribaba et al., 2013).

Choices made by enterprises may be positively or negatively impacted by the ownership structure. The companies or firms with less concentrated ownership may be more willing to offer minority shareholders more sway than those with concentrated ownership, which has strong control over decision-making. (Sachin Nagarajan, 2021)

The ownership structure for publicly traded corporations or publicly listed companies consists of two separate components, according to Thomsen and Conyon's (2012) definition: First, consider ownership concentration, which refers to whether a company is held by a single or a small number of major owners (concentrated) or by a number of smaller owners (diffused/dispersed). Next, consider ownership identity, which refers to the type of owner, such as individuals/families, institutions, or other organizations. However, because this is a topic that, in theory, affects all enterprises or firms, our study focuses primarily on ownership concentration and dispersion. Actually, in cases of concentrated ownership, ownership identification alone is a crucial element in the course. In the case of the aforementioned majority agreements, the limited influence of one particular owner would otherwise balance out the impact of ownership identity. Ownership identity is only taken into account in this study if it is explicitly stated and expressed, hence ownership structure only refers to ownership concentration or dispersion. Additionally, the terms "ownership dispersion" and "diffusion of ownership" are used synonymously, and according to Ragazzi (1981), a company with diffused ownership is "one whose shares are owned by a large number of individuals none of whom is in a position to obtain direct or indirect benefits per share greater than those available to other shareholders and whose top managers or leaders do not receive and use either direct or indirect benefits other than a market salary"

- **Firm Performance and Managerial Ownership**

Managerial ownership is the portion of shares owned by a share companies or corporation's managers or CEO’s leading the entity. A proxy for managerial ownership has been the amount of shares held by the Executive Directors (ED) or Managing Directors (MD). Insider share section is another name for managerial ownership. According to Jensen and Meckling (1976), Morck et al. (1988), McConnell & Servaes (1995), Balatbat et al. (2004), and Bolton (2012), managers' ownership of shares aids in aligning their interests with those of shareholders, or more generally,

managerial shares are an internal corporate governance mechanism. The scholars listed above all agree that managers' share ownership has a significant impact on organizations' performance indices. An additional increase in managerial shareholding increases the possibility that managers would incur costs for diverting the company's resources, which discourages managers from doing so.

The majority of the studies that have focused on the impact of managerial ownership on the financial performance of firms have discovered that the objectives of internal and external shareholders are not aligned. Due to the agency concerns that follow from this conflict, the company's financial performance and market value are significantly impacted. The interests of managers are, however, more closely aligned with those of other external shareholders as their share prices grow. This lessens agency issues and enhances the coherence of corporate strategic direction and decision-making. As a result, it can be hypothesized that managerial ownership and corporate financial performance have a non-linear connection (Ruan et al., 2009).

Numerous studies have looked into how managerial ownership affects a company's financial success and have produced a variety of findings and supporting data. Khamis et al. (2015) found that institutional ownership had a beneficial impact on financial performance whereas ownership structure had a negative impact in a study of 42 Bahraini companies. Financial performance of the company was not significantly impacted by managerial ownership, although there was evidence that performance would increase if ownership concentration was decreased.

It should be mentioned that (Khamis et al., 2015) did not discuss financial performance measurement. Additionally, Bahrain was the only country represented in the sample of businesses. Consequently, a higher sample size is required. According to other studies, managerial ownership has a negligible effect on financial performance. Corporate financial performance is more likely to be stable when the reliance on independent management and directors is greater. The lack of nonexecutive external shareholders may be to blame for the power imbalance among board members, hence increasing the number of nonexecutives will aid in achieving a healthy balance on the board of directors (Shahwan and Habib, 2020).

Saidu and Gidado (2018) claim that management ownership has a negative impact on a company's financial performance because dishonest managers and directors occasionally distort

the financial statements for their own financial gain. The listed companies in Nigeria were the subject of this study. Instead, a non-linear association between management ownership and financial success was found in a study of 101 Spanish companies that were listed on the Madrid Stock Exchange between 1991 and 1997 (De Miguel et al., 2004).

There is no definite conclusion on the impact of managerial ownership on financial success, as prior studies have shown that the outcomes varied between the studies stated. Additionally, because each study chooses a country with a structure distinct from other countries, each study's sample is unique. As a result, it is impossible to generalize the findings of this research.

It can be seen that (Udin and Shahab, 2017) limited their sample to non-financial businesses in Pakistan when it might have chosen more financial and non-financial businesses to increase the size of their sample. Furthermore, the study only covered the years 2000 to 2007 and did not include further years or numerous significant world events that would have influenced the findings.

- **Family Ownership**

Faccio and Lang (2002) when they estimate that family owner's control 44.3% of the businesses in Western Europe. Active and prevalent family control has been discovered to be more profitable in Western Europe than non-family enterprises (Maury, 2006). The same was shown by Andres (2008) in a study that solely looked at German companies, who discovered that family businesses not only outperform those with other categories of shareholders but are also more lucrative than those with a large number of stockholders. However, according to Donker et al. (2009), there is no statistically significant evidence that family-owned businesses in the Netherlands are more or less prone to face financial difficulties. Families frequently invest for a long time since their ownership is passed down through several generations, claim Anderson and Reeb (2003). Family owners with significant shareholdings, however, frequently exhibit a risk-averse attitude as they invest for the long term, which could negatively impact business performance if they tend to pass up risky investment possibilities (Hamadi and Heinen, 2015). Fama and Jensen (1983) also discovered and gave opinion that family owners may expropriate minority shareholders in order to obtain private gains, which is known as expropriation. Firm performance has been proven to be positively impacted by family ownership; however research

suggests that this performance may start to deteriorate after a certain shareholding level since families have a tendency to extract private gains. Therefore, the hypothesis that follows also suggests this.

- **Institutional ownership**

Institutional ownership describes about the ownership stakes corporate organizations hold in other entities. Given that institutional ownership appears to be actively involved in influencing corporate decisions and, as a result, performance, it is crucial and critical to understand how institutional ownership influences or affects organizations' performance. The capacity which is the amount that can industry produce and a firm's ability to compete in the investment market are improved by institutional investors' effect on corporate decisions in areas like corporate control and governance practices (Fung & Tsai, 2012). Outsized investors have more resources and incentives to keep an eye on businesses. Institutional investors, who typically hold larger positions and may find it more difficult to sell their holdings, have a higher incentive to keep an eye on corporate performance (Shleifer & Vishny, 1986; Grossman & Hart, 1980; Maug, 1998). When institutional investors own fewer shares, they may swiftly liquidate their holdings and move on to another.

Numerous studies have been conducted on the effect of institutional ownership on company performance, with conflicting and totally unrelated results. While some researchers treated institutional ownership as a variable with a homogenous impact, others theorized that institutional ownership has a heterogeneous impact because different institutional owner groups have varying degrees of influence over the corporation or business entity (Brickley et al., 1988; Almazan et al., 2005; Chen et al., 2011). Institutional investors, such as banks and insurance corporations, face self-interest threats and are less inclined to keep an eye on the operations of the businesses in which they have invested to stay in the business. Pressure-sensitive institutional investors are those people. On the other hand, pressure-averse institutional investors are businesses like investment firms that have no vested interest in a company's operations and are therefore more likely to keep an eye on such operations. Almazan et al. (2005) and Chen et al. (2011) conducted and studied a research that demonstrated the effect of institutional investors' shareholdings on the discipline of executive compensation and acquisition decisions. However, rather than examining the specific effects of the various types of institutional ownership on business performance, this study and the literature examined will concentrate on the overall

impact of institutional ownership. It was demonstrated and agreed on by Gillan and Starks (2000) that institutional investors support corporate governance initiatives more than private investors or smaller shareholders do.

The percentage of a company's stock or shares held by large financial institutions, mutual or pension funds, investment foundations, or any other significant entity in charge of managing sizable quantities of money is referred to as institutional ownership, according to Tracy (2019). While Sakawa and Watanabel (2020) noted that institutional ownership might be a strategy to improve any problems brought on by management inadequacies, as businesses frequently invest more in short-term projects. Consequently, institutional ownership may contribute to the sustainability of business performance and long-term investment returns. The effect of institutional ownership on a company's financial performance has been the subject of numerous studies.

The size of external shareholders has a significant impact on the value and capital of the companies, according to a study done over a three-year period by Chaganti and Damanpour (1991) on 40 pairs of manufacturing enterprises from various industries. The findings also indicate that family owners and internal shareholders work together to balance the link between external shareholders and the firm value and financial performance. Similar to how internal shareholders and the financial performance and values of organizations are related, shareholders who serve in executive capacities and manage the companies also make a contribution. Finally, it can be said that both internal and external shareholders have a big impact on how well a company does.

It should be mentioned that (Chaganti and Damanpour, 1991) tested the impact of institutional ownership on the financial performance of various sectors but only concentrated on manufacturing enterprises. The study only lasted three years, despite the fact that this time may have been extended to produce more precise results.

In their study of 433 Hong Kong-based businesses, Li et al. (2006) found that institutional ownership significantly and directly affects corporate governance and financial performance. Between 1993 and 2000, Cornett et al. (2007) used an Ordinary Least Squares (OLS) regression model to study 676 American enterprises. The percentage of institutional ownership and the percentage of financial performance were shown to be significantly and favorably correlated in this study. Another investigation involving 66 Tehran Stock Exchange-listed companies was

carried out between 1982 and 1986 and found a startlingly inverse link between institutional ownership and financial success (Namazi and Kermani, 2008).

Another important study examined 164 Turkish companies listed on the Istanbul Stock Exchange between 2005 and 2008 using panel data analysis. The results showed that institutional ownership and corporate governance had a favorable effect on the growth and financial performance of the study enterprises. Particularly for businesses on the corporate governance index, institutional ownership had a stronger effect on financial performance (Aras et al., 2011).

It can be seen that (Aras et al., 2011) limited their emphasis to Turkish companies listed on the Istanbul Stock Exchange while other countries may have employed a bigger sample. Furthermore, the time frame must be enlarged because it only takes into account data from 2005 to 2008.

Institutional ownership has been proven to have a considerable positive impact on the financial performance of 31 listed Nigerian companies (Uwuigbe and Fakile, 2012). 42 Bahraini companies, however, showed the same favorable link (Khamis et al., 2015). A study conducted between 2015 and 2017 on 34 real estate firms listed on the Jordan Stock Exchange produced important results on this subject. The study's conclusions indicate that these companies' ability to boost their financial performance was significantly influenced by institutional ownership (Karasneh et al., 2019).

In their research on Japanese corporations, Sakawa and Watanabel (2020) have shown that institutional ownership and outside shareholders are crucial to keeping tabs on a company's performance. Although internal shareholders ought to play a part in a company's monitoring system, external shareholders support this monitoring function. The findings of this study suggest that keeping an eye on outside shareholders helps organizations perform financially and thrive.

It should be noted that in order to assess the impact of institutional ownership on financial performance, (Sakawa and Watanabel, 2020) only examined Japanese enterprises. However, due to the unique structures of this nation, it is impossible to apply the findings to other nations.

- **Firm Performance and Foreign Ownership**

Kao et al. (2019) looked into the impact of management ownership on the financial performance of Taiwanese publicly listed companies between 1997 and 2015. The study indicated that foreign ownership significantly improved enterprises' financial performance when using the 2SLS regression model. Detthamrong (2017), Saleh et al (2017), and Al-Matar et al (2017) made similar research discoveries and arrived at the conclusion. The amount of foreign equity offered by international investment will be decided by Chari et al. (2012), Al-Manaseer et al. (2012), and Uwuigbe and Olusanmi (2012). This connection has been the subject of numerous research. Scientists like (Ghahroudi, 2011; Chari et al., 2012) find significant connections in the poor world. NazliAnum (2010), AL Manaseer et al. (2012), Uwuigbe and Olusanmi (2012) have all reached the same conclusion in developing nations. Amin and Hamdan (2018), on the other hand, have been examining the connection between the ownership arrangements of Saudi enterprises and their company performance. There was no relationship between the Saudi companies' return on assets and overall company success in 2013 or 2014. They came to the conclusion that foreign investment had a detrimental effect at a time on the performance of their business. Millet-Reyes and Zhao (2010) were reported, whereas Gurbuz and Aybars (2010) and Tsegba (2011) discovered a connection in developing nations. Shan and Mclver (2011) investigated relationships between international and regional firms/companies in developed countries but came to the conclusion that there was no connection in developing nations.

On internal Ownership and Company Performance, Im and Chung (2017) carried out a study on restaurant businesses in the USA and discovered that insider ownership has a big impact on the financial performance of businesses. Marimuthu (2017) studied on the 282 listed non-financial organizations and analyzed similar research findings. The impact of insider ownership on corporate performance was also examined by Kaserer and Moldenhauer in 2008. The performance of the company was clearly and significantly correlated with stock price quality, according to data collected from 648 German companies between 1998 and 2003. Insider ownership has a favorable positive effect, according to studies by Morck et al. (1988) and McConnell and Servaes (1990). Lauterbach and Vaninsky (1999) studied and discovered that insider ownership reduces a company's ability to compete with other enterprises. Demsetz and Villalonga (2001) found that factors like insider information and rewards for achievement are equally likely to have an impact on ownership. Insider ownership has an effect on corporate value, interest alignment, and restructuring (La Porta et al. 2000; Gomez-Mejia et al. 2001),

which suggests that insider ownership and business success are not inversely related. Reduced insider access, cheaper agency charges, and improved performance are all common goals of the firms.

2.5 Firm (company) performance

Although the notion of firm performance, in general, might be viewed and treated slightly differently dependent on a specific stakeholder's objectives, a company's shareholders are the main stakeholders in corporate governance. Theoretically, investors fund a corporation by acquiring shares based on their choice. They anticipate that the business will use the provided capital to generate a return on the investment made by the shareholders. According to Koller, Goedhart, and Wessels (2010), "the faster organizations can raise their revenues and deploy more capital at attractive rates of return, the more value they create for themselves. Value may rise and fall by both growth and return on invested capital's (ROIC) cost-to-income ratio. Only companies with a distinct competitive advantage can maintain strong growth and superior returns on capital for the company. The fundamental idea of corporate strategy, competitive advantage, is linked to the tenet of value creation in this way (p. 9). Given that corporate governance is based on shareholders, value creation can be seen as the most pertinent indication of firm performance. The majority of research that use Tobin's Q, a measure of both market and book value, to operationalize company performance, agree with this notion stated above for business performance.

2.6 Firm performance and Ownership structure

According to Berle and Means (1932, reissued in 1991), who claimed that ownership diffusion has a negative correlation with business performance, the impact of ownership structure on firm performance was first identified. Because they are more invested in the success of the company and have distributed less risk through diversification, it is assumed that substantial shareholders engage in more active corporate governance and want ongoing manager oversight (Daily et al., 2003; Shleifer & Vishny, 1997). Additionally, since directors can, in the best case scenario, be appointed rather than elected, concentrated ownership with few parties involved in corporate governance decisions makes it very easier and facile for owners to conduct concerted measures. As a result, the common agency dilemma brought on by the division of ownership and control is

resolved by combining the desire to maximize and attain high profits with the ability to exercise control (Shleifer & Vishny, 1997). Likewise, in order to exert control, diffused owners must form alliances together, which is less well-organized and vulnerable to manager interference and reaction. Both Bebchuk and Weisbach (2010) point out that the type of corporate governance issues varies depending on a firm's ownership structure. Large owners, as previously mentioned, carry and take noticeably higher risk as a result of their lack of diversification and reliance on the firm's performance (Demsetz & Lehn, 1985). A large shareholder's opportunism may also result in a number of issues for other, smaller owners, including the expropriation of smaller owners, managers, and employees, ineffective management brought on by the pursuit of a large shareholder's non-profit maximizing objectives, or free-riding effects whereby smaller owners expropriate the controlling effort of larger owners as specified by Bebchuk & Weisbach in 2010.

Both Demsetz (1983) and Shleifer and Vishny (1986) put forth the monitoring hypothesis, and numerous studies have empirically confirmed it (Agrawal & Mandelker, 1990; Kaplan & Minton, 1994; Xu & Wang, 1997; Gorton & Schmidt, 2000; Wu & Wu, 2005; Li et al., 2008). All those studies conducted by them show a positive and significant relationship between ownership concentration and performance of companies. These findings indicate that big shareholders have a momentous and significant impact on oversight and control. Large shareholders have been shown to be crucial and critical in the regulation and oversight of Japanese corporations, according to Kaplan and Minton (1994). The monitoring theory is supported by Agrawal and Mandelker's (1990) achievement of the same ending as stated. Together Gorton and Schmidt (2000) also came to the same conclusion. They demonstrated that performance increases as control rights become more concentrated. The association between ownership concentration and performance for Chinese listed companies, according to Xu and Wang (1997), is positive in a way that is easily noticed. Wu and Wu (2005) also attained the same outcome and conclusion in a subsequent empirical research. Large shareholders may have incentives to keep an eye on the management, Li et al. (2008) shown, averting financial distress for the company or firm.

(Fazlzadeh et al., 2011) outlined the relationship between corporate ownership structure and firm performance. The impact of ownership structure factors was investigated between 2001 and 2006 for 137 listed companies on the Tehran Stock Exchange using the panel data regression analysis

method. The findings demonstrated a positive relationship between the ownership structure of a company and its success.

While other characteristics including managerial ownership, black holding ownership, and free float ownership need to be examined, Fazlzadeh et al. (2011) focused on aspects related to ownership structure like ownership concentration, institutional ownership, and institutional ownership concentration. Given that it only covered the years 2001 to 2006, the time period has to be expanded in order to take into account the global financial crisis and other disasters that happened; therefore, the results will be more accurate.

By (Ongore and K'OBONYO, 2011), the impact of business ownership structure on firm performance was made clear. To achieve the goals of the study, 42 (out of 54) publicly traded companies were examined utilizing primary and secondary data. The relationship between a company's performance and ownership structure has been shown to be unfavorable. Despite the fact that the firm ownership structure takes into account a number of aspects, such as managerial ownership, institutional ownership, black holding ownership, and free float ownership, Ongore and K'OBONYO (2011) depend solely on this variable. To give a more accurate conclusion, it might include more public or private companies in addition to the chosen sample, which includes only of 42 publicly traded companies.

Fauzi and Locke (2012) investigated the relationship between a company's ownership structure and performance. The New Zealand Stock Exchange was used to collect secondary data from 79 New Zealand-listed firms between 2007 and 2011 for the study.

The investigation found that there was a promising indicator. Performance of a business and its ownership structure are related.

Fauzi and Locke (2012) investigate the relationship between the ownership structure of a company and performance by examining the variable without any additional dimensions. The inquiry only covers the years 2007 to 2011, so the time frame needs to be extended in order to collect more data that will help narrow the focus and produce accurate results.

Kang and Kim (2012) investigated how a firm's ownership structure impacted performance. The National University of Singapore Business School's Database of Chinese Listed Firms' Ownership Structure provided the information for this study. These were integrated with stock prices and financial information from the China Stock Market and Accounting Research Database generated by the China Accounting and Finance Research Centre of the Hong Kong

Polytechnic University, which was built by Shenzhen GTA Information Technology Company Limited. After eliminating observations with missing data, this study collects 6588 non-financial firm-year observations that were listed between 1994 and 2002 on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

Data for this study was gathered by Kang and Kim (2012) from a specialized database of non-financial companies. Other companies may have been added in the sample to help normalize the results. Additionally, rather than treating the firm ownership structure as a single variable, take into account its dimensions.

Mangena et al. (2012) assert that a company's performance is influenced by the ownership structure. The Zimbabwe Stock Exchange panel data from 2000 to 2005 was used to draw this conclusion. To demonstrate the changes in the political and economic environment, the pre-presidential election period (2000-2002), which was a period of relatively stable politics and the economy, and the post-presidential election period (2003-2005) are used. The study found a positive relationship between corporate ownership structure and firm performance.

It can be shown that (Mangena et al., 2012) took into account the firm ownership structure as one variable without incorporating any dimensions during the years 2000 to 2005, dropping the most significant years when the global financial crisis occurred, indicating that this period has to take into account a wider timeframe.

Wellalage and Locke (2012) looked into how ownership structure affected how well a company performed. All companies outside the banking industry that were listed on the Colombo Stock Exchange between 2004 and 2009 are included in the sample. Due to lacking data, many of the listed companies were eliminated. A total of 152 companies made up the final sample. The results show that there is a connection between ownership structure and business performance.

It was observed that (Wellalage and Locke, 2012) investigated ownership structure without taking into account any of the aspects included in this variable. The study's short time frame, which only spans from 2004 to 2009, as well as the fact that this was the beginning of the global financial crisis make it necessary to extend the time frame in order to cover results demonstrating the impact of the crisis on business performance.

The impact of ownership structure on a company's success was explained by Xin (2016). The main data source for the study was the financial statements of the listed businesses on the Ho Chi

Minh Stock Exchange (HoSE) for the years 2009 to 2012. Because of several factors, financial institutions (such as; banks, and financial institutions) are not included in the samples.

A final sample of 134 non-financial enterprises (2009–2012) was chosen once it was established whether financial data were accessible for the sampled companies during the survey period. The results demonstrated that the proportion of state ownership in an organization's ownership structure correlated positively with its financial success. This study found that managers in state-owned enterprises (SOEs) have a higher level of entrenchment than managers in other types of organizations, despite the absence of conclusive data about the effect of management ownership on financial performance.

It was found that (Xin, 2016) did not take into account any of the dimensions of these variables while examining the impact of ownership structure on business performance. Although the sample of financial institutions is not universal and excludes some financial institutions, the intended sample and the period are restricted to the years 2009 to 2012.

Outman et al. (2016) investigated the relationship between a company's ownership structure and performance. Businesses' ownership structures have a significant impact on how well they function, but we still don't fully understand how ownership features affect financial performance. The SABI database's records from 200 small, unlisted enterprises between 2000 and 2014 served as the study's main data source. Businesses founded by active founders outperform those founded by passive founders. The study found that some aspects of a company's ownership have an effect on how successfully it operates. Businesses founded by active founders outperform those founded by passive founders. The CEO and Chairman are not mentioned as being the founders. A connection was discovered. The performance of the company is positively and significantly affected by the presence of a second block holder with less than 5% ownership.

However, this variable has multiple aspects, including managerial ownership, institutional ownership, block holding ownership, and free float ownership. It was observed that (Outman et al., 2016) examined corporate ownership structure as one variable without incorporating any dimensions. Additionally, the sample excludes huge corporations from consideration and solely includes tiny, unlisted businesses.

The association between ownership structure and firm performance was investigated by Phan et al. in 2018. An empirical examination of 557 businesses listed on the Vietnam stock exchanges was done from the year of their listing until 2014. According to the study, the number of

directors on the board, the concentration of ownership on the board, and the CEO's ownership all have a favorable impact on ROA but have no impact on ROE. Unexpectedly, BOD stability hurts the company's financial success in terms of ROA and ROE. There is no correlation between the number of independent members, the percentage of female members, the chairman and CEO positions, or the firm's ROA and ROE.

Given that ownership structure contains numerous aspects, it was said that (Phan et al., 2018) studied it as a variable without any dimensions. Additionally, because other businesses outside of this database may be included, the sample only included companies that were listed on the Vietnamese stock exchanges.

Laporek et al. (2021) provided an example of how ownership structure affects business performance. The empirical analysis uses two administrative databases that provide a variety of information on Slovenian joint-stock businesses, including profit and loss statements and balance sheets from all Slovenian companies' annual financial reports from 2005 to 2017.

The information was given by the Agency of the Republic of Slovenia for Public Legal Records and Related Services. Based on this data, stock owners were divided into the following categories: individuals, legal entities (private firms), institutional investors, foreign investors, co-operatives, and the state. The data was compiled by the Central Securities Clearing Corporation. The findings showed that there is no meaningful connection between ownership structure and firm performance. It was observed that (Laporsek et al., 2021) concentrated on the impact of ownership structure on firm performance for the years 2005 to 2017, gathered from the top 100 shareholders in all Slovenian joint stock companies, but these variables have dimensions that are not included, and other enterprises on this database are not included either. Hamed et al. (2021) assert that a company's ownership structure affects its performance. A multiple-regression model with a fixed regression effect was employed to examine the data in this investigation. The Amman Stock Exchange (ASE) lists all Jordanian first-market businesses during the years of 2012 and 2018, which is the sample period. The results showed that institutional ownership and both the market indicator Tobin's Q and the accounting metric ROA had a positive and statistically significant association. ROA and TQ are impacted by other kinds of ownership structures, such as ownership concentration. TQ does not differ significantly from managerial ownership or ROA. It was found that the research period, which included the years 2012 to 2018, was not mentioned at the time of the global financial crisis (Hamed et al., 2021). Additionally,

this variable has numerous aspects, including managerial ownership, institutional ownership, black holding ownership, and free float ownership, whereas the ownership structure has none.

The relationship between business success and ownership structure was examined by Al-Janadi (2021). 11,999 observations were drawn from 46 prior research carried out in 11 Middle Eastern nations. The majority of ownership identities, including institutional ownership, government ownership, inside ownership, and family ownership, have an advantageous effect on a company's success, according the data. Another result is that ownership identities, such as institutional ownership, foreign ownership, and inside ownership, all have a role in managing enterprises and deciding company performance in nations where there is political upheaval. The findings of the meta-analysis show how the roles of majority shareholders are impacted by various levels of political stability. The results show that ownership identities still work effectively in Middle Eastern countries, especially when there are enough protective rights and political stability.

It was discussed how (Al-Janadi, 2021) tested the ownership structure using its dimensions, including institutional ownership, government ownership, inside ownership, and family ownership, but omitted other dimensions of this variable, including managerial ownership, block holding ownership, and free float ownership.

2.7 Firm Performance and Ownership Concentration

The percentage or allotment of a corporation's stock owned by its principal shareholders (can be a person or entity that owns 10% or more of that a company's voting shares) is referred to as the concentration of ownership (Sanda et al., 2005). Undertaken and tested studies conducted in poor nations have confirmed the link between concentration and high performance (Wang and Oliver, 2009; Siala et al., 2009). 180 businesses that were listed on the Amman Stock Exchange (ASE) between 2009 and 2017 were the subject of a study by Dakhlallh et al. (2019). The study investigated the importance of ownership concentration's impact on business success.

Greek economists Kapopoulos and Lazaretou (2007) conducted an analysis of 175 Greek enterprises to test their theory regarding the impact of ownership structure on corporate performance as others did. According to Empirical evidence suggestions, increasing profitability is improved with more stakeholders. In these developing countries, corporate productivity has also decreased. However, a number of studies (Millet-Reyes and Zhao, 2010; Hu et al., 2010; Roszaini and Mohammad, 2006) have showed a link between ownership concentration and poor

company performance. 452 firms listed on the Thai Stock Exchange Ltd. between 2000 and 2016 were the subject of a study by Farooque et al. (2019). The study revealed there was no evidence of a substantial impact of ownership concentration on the performance of market-based firms using the GMM methodology. The performance of SMEs in Spain has not been correlated with the ownership concentration of those businesses, according to scholars Arosa et al. (2010). The focus of the unsatisfactory evidence was on the claims of expropriation and control over the specific enterprises. Miguel et al. (2004) claim that the findings are dissimilar to publicly traded companies. It has no impact on behavior or the degree of ownership concentration. To close this research gap, we looked into the real relationship between these two variables.

2.8 Firm Performance, Endogeneity and Ownership Structure

Many studies since post- Berle and Means (1932) era have traditionally treated ownership structure as an exogenous variable influencing corporate performance of share companies or corporations, but many studies have ventured of late to look at ownership structure as a two-way outcome of shareholders' activities known as "endogeneity". Demsetz (1983) was the first to observe the bi-directional impact of ownership structure when he opined that the ownership structure is endogenously determined through the profit maximization activities of shareholders. At a time when owners of publicly listed companies come to a decision to sell their shares, they are consciously changing the ownership structure which may be the consequence of their fate or otherwise in the performance of the stock, therefore, changes in ownership structure should not be influencing corporate performance (Demsetz & Villalonga, 2001). When Demsetz and Lehn (1985) took into account the firm's level of risk they pose, regulations, and industry-specific characteristics, they found no correlation between ownership concentration and corporate performance. These factors appear to be the primary and crucial determinants of ownership concentration. Kole (1996) discovered that managerial ownership is endogenous to pay practices, and that managers will only accept equity reimbursement if they anticipate their companies performing in good health. While Foroughi and Fooladi's (2011) studies took into account the influences of ownership on performance, the studies by Morck et al. (1988) and Loderer & Martin (1997) also examined ownership structure as an endogenous outcome that demonstrates the influence of shareholders and their share-purchasing and share-selling activities. Board

structure was a concept that Loderer and Martin (1997) found to be influenced by the firm's historical performance.

2.9 Ownership Structure Measurements

The ownership structure has been measured and evaluated by previous research using a selection of variety of techniques. For instance, ownership concentration, foreign ownership, and institutional ownership were outlined as the three primary factors in Lee's (2008) suggestion as the three factors to explain ownership structure. As three criteria to describe the make-up of the ownership structure, Alves (2012) employed institutional ownership, managerial ownership, and ownership concentration. Namazi and Kerman (2013) conducted a different analysis that measured ownership structure using institutional investors, corporate shareholding, managerial shareholding, and foreign shareholders. Governments and financial institutions were taken as institutional shareholders, while corporations were counted as corporate bodies and directors were counted as managerial or decision making shareholders. Foreign shareholders were counted as institutional shareholders based on the proportion of total shares held by non-native shareholders. Using the categories of government, nominees, family, and politicians, Tanmanee, Prasertsri, and Boonyanet (2014) calculated ownership structure using percentages of shares owned.

Conceptual Model in the Research

Independent variable- Ownership Structure

Ownership concentration

- Percentage shares owned by the largest five shareholders
- Herfindal Hirschman Index(HHI)

Owner's identity

Family/individual ownership
Institutional ownership
Government ownership
Foreign ownership

Dependent Variable- Corporate Performance

Firm performance

Source: Researcher's Own Design

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research method and procedures that was followed in conducting the project work. The first part of this section discussed the research area and period, followed by an explanation of the research design. The second part explained the population of the study. The third section of the research methodology discussed the sampling technique and the sample size used in this research. The fourth part explained Results and Discussion and the last chapter is about conclusion and recommendation.

3.2 Study area and period

In order to assess how ownership affects company performance, a cross-sectional study was carried out in Addis Ababa among a sample of enterprises. April to June 2023 was the study's time frame.

3.2 Research Design

A plan for organizing the study's methodology and data collection is known as a research design (Kothari, 2004). According to McDaniel and Gates (2006), a research design is also a study plan that specifies the steps the researcher must take to accomplish the research goal and test the hypothesis. For the purposes of this study, explanatory research design was chosen that assists the researcher to attain the research objectives, i.e. explanatory research design was used to investigate the effect of ownership structure on business performance. Because it can demonstrate the causal relationship between the study's independent and dependent variables, this research design was chosen.

To gain a thorough understanding of the topic under study, the researcher used a quantitative research approach that was backed by quantitative data. The goal of utilizing a quantitative technique approach like this is to gather data that would be impossible to obtain using another research strategy. Because the ideal research strategy is quantitative, whether the issue is to examine cause and effect relationships, discover elements that affect an outcome, determine the

usefulness of an intervention, or comprehend the best predictors in outcomes (Creswell, 2003). Therefore, the researcher used a quantitative study approach to investigate the impact of ownership structure on the financial performance of chosen enterprises in Ethiopia. The research in this case sought to ascertain whether ownership structure was a significant factor in the success of the firms. To gather data related to firm performance (ROA and ROE), it is obvious to review document, which is audited financial performance.

3.3 Sampling Design

A sample of 20 businesses was chosen. These consist of ten share corporations, six partnerships, and four sole proprietorships. The companies were picked at random in accordance with the data that was available for the study. They were also manageable for the researcher in the time frame given by the University.

3.5 Data collection instrument, variables and materials

The researcher gathered secondary data for the study. These are a company's ownership structure and the chosen firms' financial statements. As a result, the researcher gathered ownership structure documents from the firm, Ministry of Trade published financial records from respective government organ and firm's website.

Ownership structure served as the study's independent variable. However, ROA and ROE were considered dependent variables. Firm size, firm age, and debt ratio were selected as the control variables.

Ownership structure serves as the study's independent variable. Numerous definitions exist for ownership structure. Due to the generally high level of ownership concentration in our nation, the ownership share and identity of the largest shareholder are reasonably good indicators of the ownership structure.

To measure ownership concentration, the Herfindahl-Hirschman Index and the proportion of shares held by the top five shareholders were utilized.

According to Pedersen and Thomsen (1997), a good measure of the relationship between ownership structure and company performance must take into account both the identities of the respective owners and the allocation of ownership shares. Based on this, the study employed

the identities of four owners. Foreign, institutional, government, and individual/family are a few of them.

Although treated as dependent variables, profitability measurements like ROA and ROE were nonetheless taken into consideration.

The control variables are determined to be business size, firm age, and debt ratio. The business is quite wealthy. Age is a factor that reveals the length of the company's existence. You can determine a company's debt ratio to see how much debt it has in relation to its assets. The measurement gives information on the firm's leverage as well as any possible issues with its debt load.

3.6 Data Analysis, Validity and Reliability

Following the data collection from those chosen companies/documents, data for three years (2020–2022) was obtained (from government organs that were audited). Based on time available, only three years data were considered in the study. The relationship between ownership structure and firm performance was investigated using linear regression on cross-sectional data from three years using SPSS version 20. The ownership structure, as determined by the identity of the owners (family/individual ownership, institutional ownership, government ownership, and foreign ownership), ownership concentration (percentage of shares owned by the largest five shareholders, and HHI), and ownership concentration (percentage of shares owned by the largest five shareholders) will be used as predictor variables during the linear regression analysis.

3.7 Ethical Considerations

To assure the study's ethics, the necessary safety precautions were put into place throughout the process. The study's participants' privacy and anonymity were safeguarded, and they were informed in advance of the informational goals of the data they would be providing. So that this research is done for exclusively academic purposes, the Participants (those who provided information and financial statements) were given complete information.

CHAPTER 4 RESULTS AND DISCUSSION

4.1 Introduction

The summary output of the regression analysis carried out in SPSS version 20 is offered and briefly described in this section. When analyzing the link between ownership structure and firm performance, owner identity and ownership concentration have been given independent considerations. Using data from 20 Ethiopian businesses over the course of three years, i.e (2020-2022) analysis was conducted, and the findings are explained. The subsequent regression model was applied; Firm performance = $\alpha + \beta 1CO + \beta 2\ SH + \beta 3\ HHI + \beta 4\ FS + \beta 5\ FA + \beta 6DR + e$…….1

Where;

Firm performance= measured by ROA and ROE

Family/individual ownership, institutional ownership, government ownership, and foreign ownership all serve as representations of the identity of the owner.

SH stands for ownership concentration as expressed by the percentage ownership held by the top five shareholders.HHI= Herfindahl-Hirschman Index

FS,FA and DR represent Firm size, Firm Age and Debt Ratio

In the correlation matrixes the researcher have included the two performance measures (ROA and ROE), ownership structure measures (owners' identity the percentage of shares owned by the five largest shareholders and HHI), the three control variables (firm size, firm age and debt ratio). Along with the structure dummies of sole proprietorship, partnership, and diffused businesses, the owners' identities are represented as dummies, including family ownership, institutional ownership, government ownership, and foreign ownership.

Regarding the estimations from linear regression for equation 1 above, it should be highlighted that firm performance is statistically always influenced by at least one aspect of ownership structure. I started by separately regressing the various performance measures against ownership structure variables such as owner's identity, percentage of shares owned by the largest five shareholders, and HHI controlling for firm specific factors (age, size, and debt ratio) in order to test the relationship between performance and ownership structure.

Table 3: 1 . Correlation coefficients using ROA as dependent variable

		ROA	DEBT_RATIO	FIRM_AGE	FIRM_SIZE	HHI	OWNER_IDENTITY	SH
Pearson Correlation	ROA	1.000	.587	-.271	.313	.202	.574	.301
	DEBT_RATIO	.587	1.000	.083	.781	.351	.843	.874
	FIRM_AGE	-.271	.083	1.000	.415	-.411	.031	-.009
	FIRM_SIZE	.313	.781	.415	1.000	.057	.827	.708
	HHI	.202	.351	-.411	.057	1.000	.442	.609
	OWNER_IDENTITY	.574	.843	.031	.827	.442	1.000	.821
	SH	.301	.874	-.009	.708	.609	.821	1.000
Sig. (1-tailed)	ROA	.	.003	.123	.089	.196	.004	.099
	DEBT_RATIO	.003	.	.365	.000	.065	.000	.000
	FIRM_AGE	.123	.365	.	.035	.036	.449	.485
	FIRM_SIZE	.089	.000	.035	.	.406	.000	.000
	HHI	.196	.065	.036	.406	.	.026	.002
	OWNER_IDENTITY	.004	.000	.449	.000	.026	.	.000
	SH	.099	.000	.485	.000	.002	.000	.
N	ROA	20	20	20	20	20	20	20
	DEBT_RATIO	20	20	20	20	20	20	20
	FIRM_AGE	20	20	20	20	20	20	20
	FIRM_SIZE	20	20	20	20	20	20	20
	HHI	20	20	20	20	20	20	20
	OWNER_IDENTITY	20	20	20	20	20	20	20
	SH	20	20	20	20	20	20	20

SH* - the percentage of shares owned by the five largest shareholders.

Source: June, 2023, SPSS output.

The data in the table above demonstrates that ROA is positively impacted by ownership identity, HHI, Firm size, Debt ratio and SH. At a significance level of 0.01 and 0.05, all linear regression studies show a positive impact of owners' identity on business performance. This

demonstrates how a company's ROA is directly impacted by the ownership of various owners. The relationship between foreign ownership and corporate performance has a positive correlation coefficient. On the relationship between international participation and corporate performance, more precise results were also attained. The significant positive correlation supported the long-held belief that foreign-owned businesses do better than their local rivals on average.

Important third-party investors' equity share has a positive regression coefficient that is statistically significant. This shows that having outside investors own shares has a positive effect on ROA. The table also shows that the firm age have a negative effect on the dependent variable, ROA.

Its R square serves as a gauge of how descriptive it is. The amount of the change in the dependent variable that can be explained by changes in the explanatory factors is measured.

In the table that follows, it is demonstrated how the F value in the ANOVA table determines whether or not the null hypotheses may be accepted, leading to the conclusion that one or more model variables are significant. The null hypotheses' potential for being refuted is demonstrated by the significant F values in the ANOVA table. As seen from the result of R-square, 0.827, 82.7% the variance in ROA can be predicted from the independent variables. This measure of association strength, which is an overall measure of association strength, does not indicate the strength to which any one independent variable is related to the dependent variable. If the value is more than 0.5, the model is sufficient to identify the relationship. In this case, the value is .827, which is good. Generally, 95% confidence interval or 5% level of the significance level is chosen for the study. Thus the p-value should be less than 0.05. In the below table, it is .000. Therefore, the result is significant.

After accounting for the model's inherent inaccuracy, the F-ratio shows an improvement in the variable's ability to be predicted. For the F-ratio yield efficient model, a value greater than 1 is used. In the below table, the value is 10.32, which is good.

Table 3: 2 Regression result for ROA

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.909[a]	.827	.746	.01055	.827	10.325	6	13	.000	1.913

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.007	6	.001	10.325	.000[b]
	Residual	.001	13	.000		
	Total	.008	19			

a. Dependent Variable: ROA

b. Predictors: (Constant), SH, FIRM_AGE, HHI, OWNER_IDENTITY, DEBT_RATIO, FIRM_SIZE

Source: June, 2023, SPSS output.

Table 3: 3 Correlation Coefficients using ROE as dependent variable

		ROE	DEBT_ RATIO	FIRM_ AGE	FIRM_ SIZE	HHI	OWNE R_IDE NTITY	SH
Pearson Correlation	ROE	1.000	.870	-.047	.719	.243	.787	.746
	DEBT_RATIO	.870	1.000	.083	.781	.351	.843	.874
	FIRM_AGE	-.047	.083	1.000	.415	-.411	.031	-.009
	FIRM_SIZE	.719	.781	.415	1.000	.057	.827	.708
	HHI	.243	.351	-.411	.057	1.000	.442	.609
	OWNER_IDENTITY	.787	.843	.031	.827	.442	1.000	.821
	SH	.746	.874	-.009	.708	.609	.821	1.000
Sig. (1-tailed)	ROE	.	.000	.422	.000	.151	.000	.000
	DEBT_RATIO	.000	.	.365	.000	.065	.000	.000
	FIRM_AGE	.422	.365	.	.035	.036	.449	.485
	FIRM_SIZE	.000	.000	.035	.	.406	.000	.000
	HHI	.151	.065	.036	.406	.	.026	.002
	OWNER_IDENTITY	.000	.000	.449	.000	.026	.	.000
	SH	.000	.000	.485	.000	.002	.000	.
N	ROE	20	20	20	20	20	20	20
	DEBT_RATIO	20	20	20	20	20	20	20
	FIRM_AGE	20	20	20	20	20	20	20
	FIRM_SIZE	20	20	20	20	20	20	20
	HHI	20	20	20	20	20	20	20
	OWNER_IDENTITY	20	20	20	20	20	20	20
	SH	20	20	20	20	20	20	20

SH*-the percentage of shares owned by the five largest shareholders.

Source: June, 2023, SPSS output.

There is a positive association between ROE and, debt ratio, SH, Owners identity, firm size and HHI as can be seen in the correlation matrices. Contrary to that, Firm age has a negative impact on ROE that is significant. This leads us to the conclusion that the ownership concentration and identity of the owners, as determined by HHI, are important in understanding the ROE. Individual, institutional, government, and international owners differ in terms of wealth, cost of capital, competency, preferences for the consumption of benefit, and their non-ownership related ties to the company. As a result, various owners may approach the owner job in different ways, which may have an impact on the operation of the company. The results of the regression study for the variables connecting the owners' identification with the firm's performance indicators (both ROA and ROE) vary. Institutional ownership and firm performance consequently exhibit a favorable correlation. Although institutional ownership has been shown to improve corporate performance, if institutional ownership were to become more concentrated, the effect would be the opposite. Therefore, it would seem that institutional owners shouldn't possess a substantial share of Share Company in order to improve business performance. To put it another way, the research's results show that a company will operate better if it is controlled by a variety of diverse institutional owners since those shareholders' control mechanisms would avoid conflicts between managers and dominant shareholders.

Furthermore, this research reveals that family ownership has a significant positive link with the business performance indicators ROA and ROE. Additionally, because of their strong relationship with senior managers and directors, family shareholders may have an edge over other types of shareholders in terms of information about the performance of the company.

As seen from the result of R-square, 0.813, 81.3% the variance in ROE can be predicted from the independent variables. The degree to which any specific independent variable is connected with the dependent variable is not reflected by this measure of association strength, which is a global measure of association strength. A value greater than 0.5 shows that the model is effective enough to determine the relationship. In this case, the value is .813, which is good. Generally, 95% confidence interval or 5% level of the significance level is chosen for the study. Thus the p-value should be less than 0.05. In the below table, it is .00. Therefore, the result is significant.

As F-ratio represents an improvement in the prediction of the variable by fitting the model after considering the inaccuracy present in the model. A value is greater than 1 for F-ratio yield efficient model. In the below table, the value is 9.4, which is good.

Table 3: 4 Regression result for ROE

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.902[a]	.813	.727	.20219	.813	9.418	6	13	.000	2.415

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.310	6	.385	9.418	.000[b]
	Residual	.531	13	.041		
	Total	2.842	19			

a. Dependent Variable: ROE

b. Predictors: (Constant), SH, FIRM_AGE, HHI, OWNER_IDENTITY, DEBT_RATIO, FIRM_SIZE

Source: June, 2023, SPSS output.

Table 3: 5 All variables correlations

		DEBT_RATIO	FIRM_AGE	FIRM_SIZE	HHI	OWNER_IDENTITY	ROA	ROE	SH
DEBT_RATIO	Pearson Correlation	1	.083	.781**	.351	.843**	.587**	.870**	.874**
	Sig. (2-tailed)		.729	.000	.129	.000	.007	.000	.000
	Sum of Squares and Cross-products	3.564	4.646	1012.222	.918	.885	.101	2.769	2.072
	Covariance	.188	.245	53.275	.048	.047	.005	.146	.109
	N	20	20	20	20	20	20	20	20
FIRM_AGE	Pearson Correlation	.083	1	.415	-.411	.031	-.271	-.047	-.009
	Sig. (2-tailed)	.729		.069	.072	.897	.247	.845	.970
	Sum of Squares and Cross-products	4.646	887.800	8484.600	-16.957	.512	-.739	-2.348	-.335
	Covariance	.245	46.726	446.558	-.892	.027	-.039	-.124	-.018
	N	20	20	20	20	20	20	20	20
FIRM_SIZE	Pearson Correlation	.781**	.415	1	.057	.827**	.313	.719**	.708**
	Sig. (2-tailed)	.000	.069		.813	.000	.179	.000	.000
	Sum of Squares and Cross-products	1012.222	8484.600	471718.200	53.861	315.894	19.661	832.141	610.175
	Covariance	53.275	446.558	24827.274	2.835	16.626	1.035	43.797	32.114
	N	20	20	20	20	20	20	20	20

HHI	Pearson Correlation	.351	-.411	.057	1	.442	.202	.243	.609**
	Sig. (2-tailed)	.129	.072	.813		.051	.392	.303	.004
	Sum of Squares and Cross-products	.918	-16.957	53.861	1.919	.340	.026	.567	1.059
	Covariance	.048	-.892	2.835	.101	.018	.001	.030	.056
	N	20	20	20	20	20	20	20	20
OWNER_IDENTITY	Pearson Correlation	.843**	.031	.827**	.442	1	.574**	.787**	.821**
	Sig. (2-tailed)	.000	.897	.000	.051		.008	.000	.000
	Sum of Squares and Cross-products	.885	.512	315.894	.340	.309	.029	.738	.573
	Covariance	.047	.027	16.626	.018	.016	.002	.039	.030
	N	20	20	20	20	20	20	20	20
ROA	Pearson Correlation	.587**	-.271	.313	.202	.574**	1	.537*	.301
	Sig. (2-tailed)	.007	.247	.179	.392	.008		.015	.198
	Sum of Squares and Cross-products	.101	-.739	19.661	.026	.029	.008	.083	.034
	Covariance	.005	-.039	1.035	.001	.002	.000	.004	.002
	N	20	20	20	20	20	20	20	20
ROE	Pearson Correlation	.870**	-.047	.719**	.243	.787**	.537*	1	.746**
	Sig. (2-tailed)	.000	.845	.000	.303	.000	.015		.000
	Sum of Squares and Cross-products	2.769	-2.348	832.141	.567	.738	.083	2.842	1.578
	Covariance	.146	-.124	43.797	.030	.039	.004	.150	.083
	N	20	20	20	20	20	20	20	20

SH	Pearson Correlation	.874**	-.009	.708**	.609**	.821**	.301	.746**	1
	Sig. (2-tailed)	.000	.970	.000	.004	.000	.198	.000	
	Sum of Squares and Cross-products	2.072	-.335	610.175	1.059	.573	.034	1.578	1.575
	Covariance	.109	-.018	32.114	.056	.030	.002	.083	.083
	N	20	20	20	20	20	20	20	20

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

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

Source: June, 2023, SPSS output.

Additionally, the simple correlation coefficient between ROA and ROE has a substantial value of 0.537, which shows that we can take into account both performance indicators. As an alternative measure of company performance in this research, it is therefore conceivable to use the firm performance measurements (ROA and ROE). However, ROE is negatively impacted by the firm age.

It is possible to conclude that there is a negative relationship between firm age and return on assets among family firms, i.e., the younger the family firm, the better the profitability, when taking into account the regression rather than the values of coefficient estimates of interaction sole proprietor firm dummy variables and control variables of firm size, firm age.

On the other hand, it is possible to predict that the coefficient estimates for the control variable firm age would show a negative correlation between firm age and ROA among partnership and share companies. The effect of firm age on firm performance among both sole proprietor and other firms is studied by additional regression analysis in order to verify these hypotheses on the relationship between firm age and firm performance measures among sole proprietor as well as partnership and share companies. The correlation coefficient also indicates whether or not there is a linear relationship between the age of the firm and the accounting profitability as assessed by ROA and ROE.

The findings show that young firms perform better on average than older sole proprietor enterprises while the firm is a sole proprietor firm, whereas older firms appear to be more successful in partnership and share companies as measured by ROA and ROE than younger ones. However, the findings of the regression that takes into account firm size, firm age, and debt equity ratio suggest that sole proprietorship businesses do better.

CHAPTER 5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

According to the data analysis the ownership structure has significant association with firm performance.

In relation to ROA debt ratio (0.880), firm size (0.678), firm age (0.678) and HHI (0.256) are inversely associated while SH (0.763) and OI (0.748) has positive association with it. The interventional variables like firm size, firm age, debt ratio and HHI has inverse relation with SH which strongly contributes for negative association with ROA.

In addition to that, the other firm performance measure (i.e. ROE), negatively affected by SH (0.489) and OI (0.403) while the effect of HHI (0.038) in insignificant, But, the other interventional variables are positively affecting the ROE.

5.2 Conclusion

The purpose of this study is to attempt to address the first study issue on the effect of ownership structure on company performance.

Different regressions utilizing the business performance model reveal various correlations between the dependent and independent variables. ROA is inversely connected with business size, debt ratio, firm age, and HHI, while positively correlated with ROA are SH and ownership identification. In terms of ROE, it correlates favorably with firm size, debt ratio, firm age, and HHI, and unfavorably with SH and ownership identification.

The percentage of shares owned by the five most prominent outside investors shows a positive sign and is statistically significant in the regression coefficient. This suggests that shareholdings by outside investors have a favorable impact on ROA.

This outcome is consistent with the research's expectations, which are outlined in the hypothesis. The percentage of shares owned by the top five shareholders and ROE, however, are inversely correlated.

This study also looked into whether family ownership, as opposed to partnership or share companies, contributes to improved and adding firm performance. It was also investigated to

see if there were any variations in business performance between young and old, as well as between small and large family businesses. A linear regression analysis was used to conduct the empirical analysis. The findings showed that sole proprietorship, partnerships, and share corporations did not perform differently from one another statistically.

In addition, the level of rivalry has changed across different businesses. However, the alternative regression result that takes into account business age, firm size, and debt equity ratio suggests that sole proprietorships do better.

Results also indicated that young, mostly small, family-controlled enterprises are primarily responsible for the improved performance of solely owned firms. Additionally, the findings revealed that smaller sole proprietorship businesses perform somewhat better than bigger sole proprietorship businesses. The favorable impact of young firm age on the accounting profitability rate of solely owned enterprises can be shown to be related to this result, but young firms did appear to be smaller than older ones.

The share companies' structure of the sample firms is linked to lower company performance; it is also summarized in the concluding remarks section. This is the result of various circumstances. Businesses that are family-controlled and partnership-owned typically fare better. This suggests that the enterprises that are dominated by individuals or families are less risky. Furthermore, because the majority of the firms they oversee are owned by their family, family-controlled businesses typically have a strong motivation to maximize firm performance. Due to their intimate relationships with senior management and directors, family shareholders may also have an edge over other types of shareholders in terms of information about the performance of the company.

Additionally, the findings on the association between the four owners' identity factors and company performance were the most conclusive. A positive correlation exists between foreign ownership and the company. Because of management effectiveness, technical proficiency, and the state of technology, it has long been believed that foreign owned enterprises perform better than their counterparts with dominant local ownership. The significant positive associations have supported this theory.

However, the relationship between institutional ownership and business performance shows that the performance of the company will be better if it has multiple different institutional

investors since their control mechanisms would prevent conflicts between management and dominant shareholders.

Government ownership does not associate well with business performance. This results from disproportionate government ownership, control, and meddling in the business's economic activities. Furthermore, bureaucrats, not the actual owners, are those in charge of running the government. Since they receive no advantages from excellent governance, bureaucrats have no personal incentive to ensure that an organization is operated effectively or is led well.

5.2 Recommendation

In this section there are some recommendations presented. The recommendations suggested to decision-makers and firms' owners and managers; the researcher suggests emphasizing institutional ownership because this type of ownership structure has been shown to positively impact firms' financial performance. Thus, the adoption of this form of ownership will result in an improvement in the productivity and profitability of businesses.

In the study the researcher applied accounting profitability (ROA and ROE) as a means of firm performance measures. Others like Tobin’s Q ,return on stock, market to book are also good to measure performance.

Some of the organizations under study should consider other form of ownership structure depending on the nature of their business.

Other recommendations suggested to current research; researcher suggests putting more focus on the independent variables, which are business ownership structure as an important variable to improve the financial performance. The researcher also recommends making more studies that examine the effect of institutional ownership on the organization's financial and non-financial performance.

Another recommendation provided by the researcher for future research is using other ways of collecting data than the currently used data source which is secondary data. Therefore, the researcher suggests making future studies using primary source.

On ownership structure, numerous studies have been conducted. If we had a secondary market, this research would be more beneficial. The launch of the capital market is currently underway in our nation. This research paper will inspire you to pursue further study. It would be interesting to include the use of various performance measurements. To assess corporate

performance, only accounting profitability (ROA and ROE) was used in the study. Tobin's Q and return on stock are two further performance measures that demonstrate a company's success. Based on further performance metrics, more research is required.

When measuring the ownership structure, I solely used ownership identity and ownership concentration (defined as the share percentage owned by the five largest shareholders and HHI). On a more qualitative level, it would be fascinating to examine managers' and owners' direct involvement in running the business as well as the effects of more and less active owners.

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Regression

Descriptive Statistics

	Mean	Std. Deviation	N
ROA	.0268	.02096	20
DEBT_RATIO	.3770	.43312	20
FIRM_AGE	21.1000	6.83566	20
FIRM_SIZE	127.70	157.567	20
HHI	.2285	.31778	20
OWNER_IDENTITY	.1090	.12761	20
SH	.2525	.28789	20

Correlations

		ROA	DEBT_RATIO	FIRM_AGE	FIRM_SIZE	HHI	OWNER_IDENTITY	SH
Pearson Correlation	ROA	1.000	.587	-.271	.313	.202	.574	.301
	DEBT_RATIO	.587	1.000	.083	.781	.351	.843	.874
	FIRM_AGE	-.271	.083	1.000	.415	-.411	.031	-.009
	FIRM_SIZE	.313	.781	.415	1.000	.057	.827	.708
	HHI	.202	.351	-.411	.057	1.000	.442	.609
	OWNER_IDENTITY	.574	.843	.031	.827	.442	1.000	.821
	SH	.301	.874	-.009	.708	.609	.821	1.000
Sig. (1-tailed)	ROA	.	.003	.123	.089	.196	.004	.099
	DEBT_RATIO	.003	.	.365	.000	.065	.000	.000
	FIRM_AGE	.123	.365	.	.035	.036	.449	.485
	FIRM_SIZE	.089	.000	.035	.	.406	.000	.000
	HHI	.196	.065	.036	.406	.	.026	.002
	OWNER_IDENTITY	.004	.000	.449	.000	.026	.	.000
	SH	.099	.000	.485	.000	.002	.000	.
N	ROA	20	20	20	20	20	20	20
	DEBT_RATIO	20	20	20	20	20	20	20
	FIRM_AGE	20	20	20	20	20	20	20
	FIRM_SIZE	20	20	20	20	20	20	20
	HHI	20	20	20	20	20	20	20
	OWNER_IDENTITY	20	20	20	20	20	20	20
	SH	20	20	20	20	20	20	20

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.909[a]	.827	.746	.01055	.827	10.325	6	13	.000	1.913

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.007	6	.001	10.325	.000[b]
	Residual	.001	13	.000		
	Total	.008	19			

a. Dependent Variable: ROA

b. Predictors: (Constant), SH, FIRM_AGE, HHI, OWNER_IDENTITY, DEBT_RATIO, FIRM_SIZE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	.031	.011		2.922	.012	.008	.054					
	DEBT_RATIO	.069	.015	1.417	4.664	.000	.037	.100	.587	.791	.539	.145	6.919
	FIRM_AGE	-.001	.000	-.228	-1.399	.185	-.002	.000	-.271	-.362	-.162	.504	1.982
	FIRM_SIZE	-3.769E-005	.000	-.283	-.747	.468	.000	.000	.313	-.203	-.086	.093	10.775
	HHI	.013	.016	.193	.794	.442	-.022	.047	.202	.215	.092	.225	4.441
	OWNER_IDENTITY	.121	.057	.737	2.136	.052	-.001	.244	.574	.510	.247	.112	8.925
	SH	-.107	.027	-1.463	-3.905	.002	-.165	-.048	.301	-.735	-.451	.095	10.520

a. Dependent Variable: ROA

Coefficient Correlations[a]

Model			SH	FIRM_AGE	HHI	OWNER_IDENTITY	DEBT_RATIO	FIRM_SIZE
1	Correlations	SH	1.000	.104	-.734	.247	-.662	-.464
		FIRM_AGE	.104	1.000	-.030	.399	.015	-.559
		HHI	-.734	-.030	1.000	-.523	.406	.622
		OWNER_IDENTITY	.247	.399	-.523	1.000	-.363	-.750
		DEBT_RATIO	-.662	.015	.406	-.363	1.000	.093
		FIRM_SIZE	-.464	-.559	.622	-.750	.093	1.000
	Covariances	SH	.001	1.409E-006	.000	.000	.000	-6.380E-007
		FIRM_AGE	1.409E-006	2.487E-007	-2.387E-007	1.128E-005	1.116E-007	-1.406E-008
		HHI	.000	-2.387E-007	.000	.000	9.583E-005	5.039E-007
		OWNER_IDENTITY	.000	1.128E-005	.000	.003	.000	-2.145E-006
		DEBT_RATIO	.000	1.116E-007	9.583E-005	.000	.000	6.925E-008
		FIRM_SIZE	-6.380E-007	-1.406E-008	5.039E-007	-2.145E-006	6.925E-008	2.545E-009

a. Dependent Variable: ROA

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions						
				(Constant)	DEBT_RATIO	FIRM_AGE	FIRM_SIZE	HHI	OWNER_IDENTITY	SH
1	1	5.339	1.000	.00	.00	.00	.00	.00	.00	.00
	2	.776	2.622	.02	.01	.02	.00	.01	.01	.01
	3	.648	2.870	.00	.00	.00	.02	.14	.00	.00
	4	.116	6.789	.00	.28	.00	.06	.06	.16	.06
	5	.073	8.528	.06	.17	.03	.14	.03	.24	.16
	6	.030	13.437	.32	.48	.20	.05	.55	.07	.58
	7	.018	17.247	.60	.06	.74	.72	.20	.52	.20

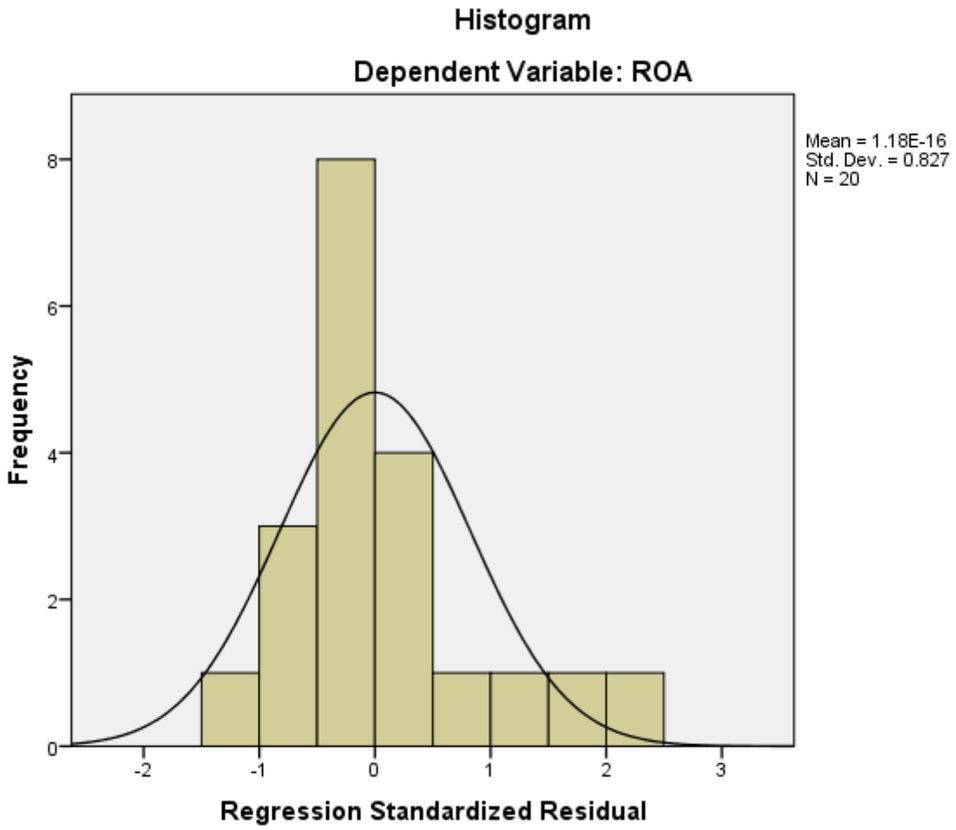
a. Dependent Variable: ROA

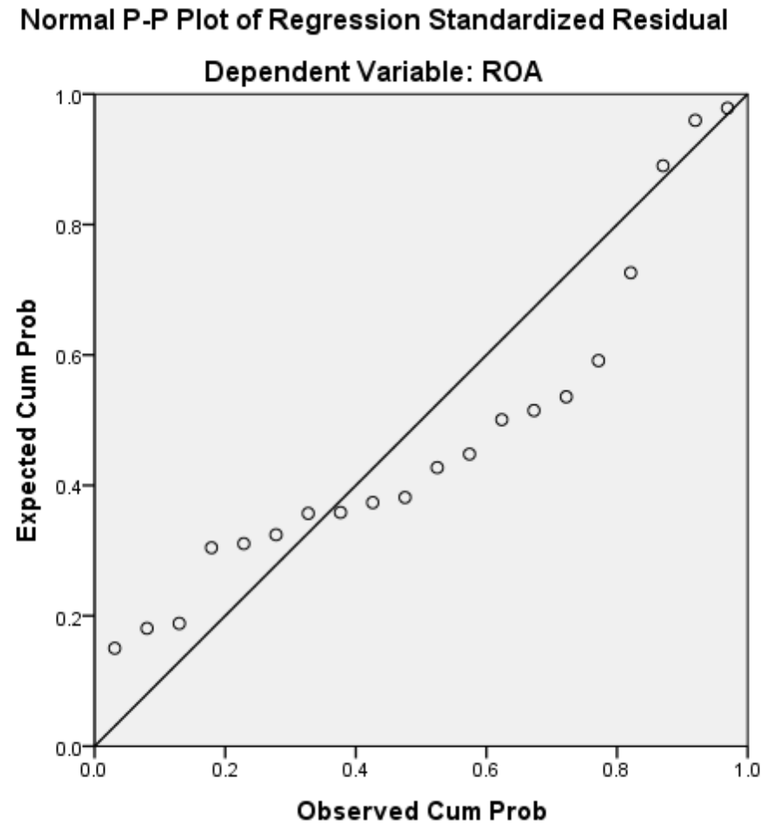
Residuals Statistics[a]

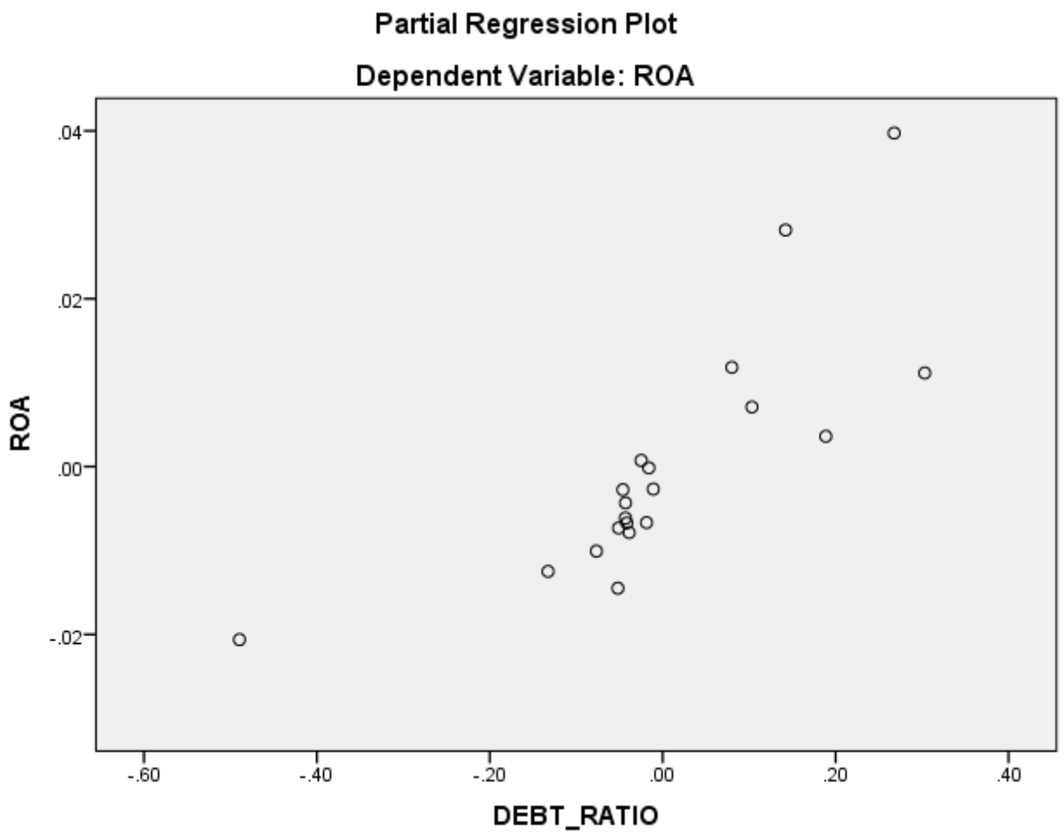
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-.0030	.0753	.0268	.01906	20
Residual	-.01093	.02138	.00000	.00873	20
Std. Predicted Value	-1.563	2.543	.000	1.000	20
Std. Residual	-1.036	2.025	.000	.827	20

a. Dependent Variable: ROA

Charts






Partial Regression Plot
Dependent Variable: ROA
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.00
-.02
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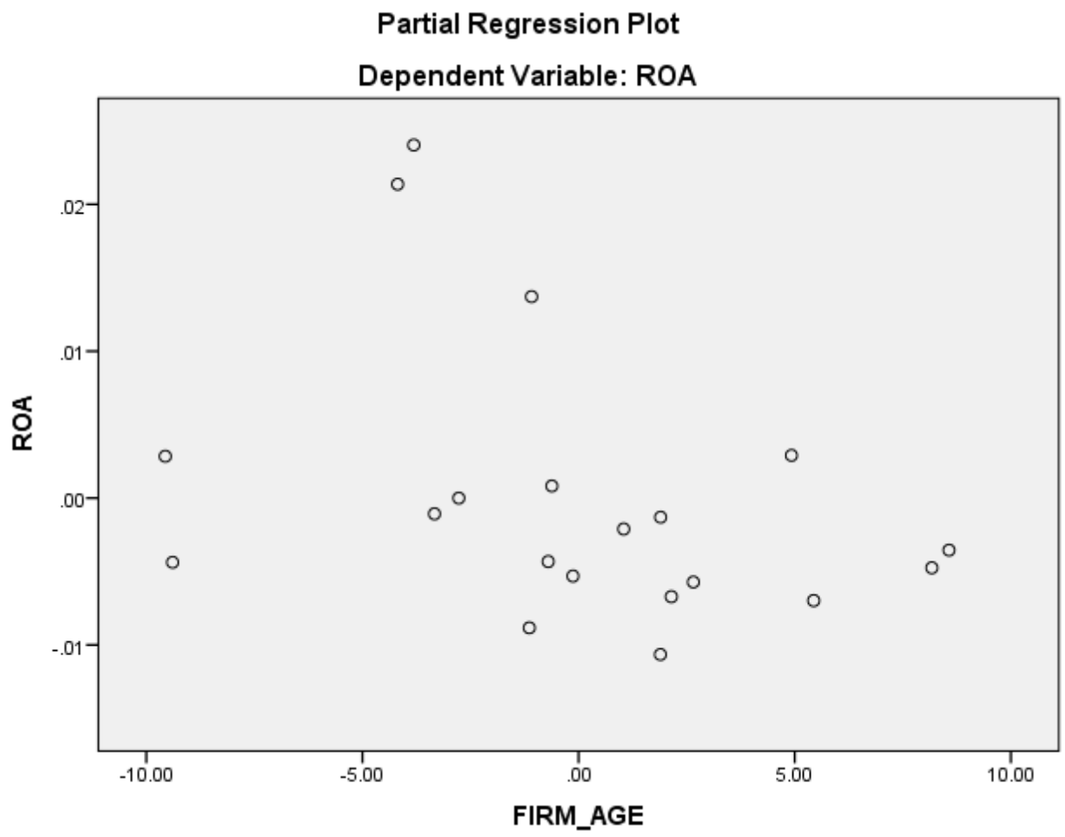
-.20
.00
.20
.40
DEBT_RATIO


Partial Regression Plot
Dependent Variable: ROA
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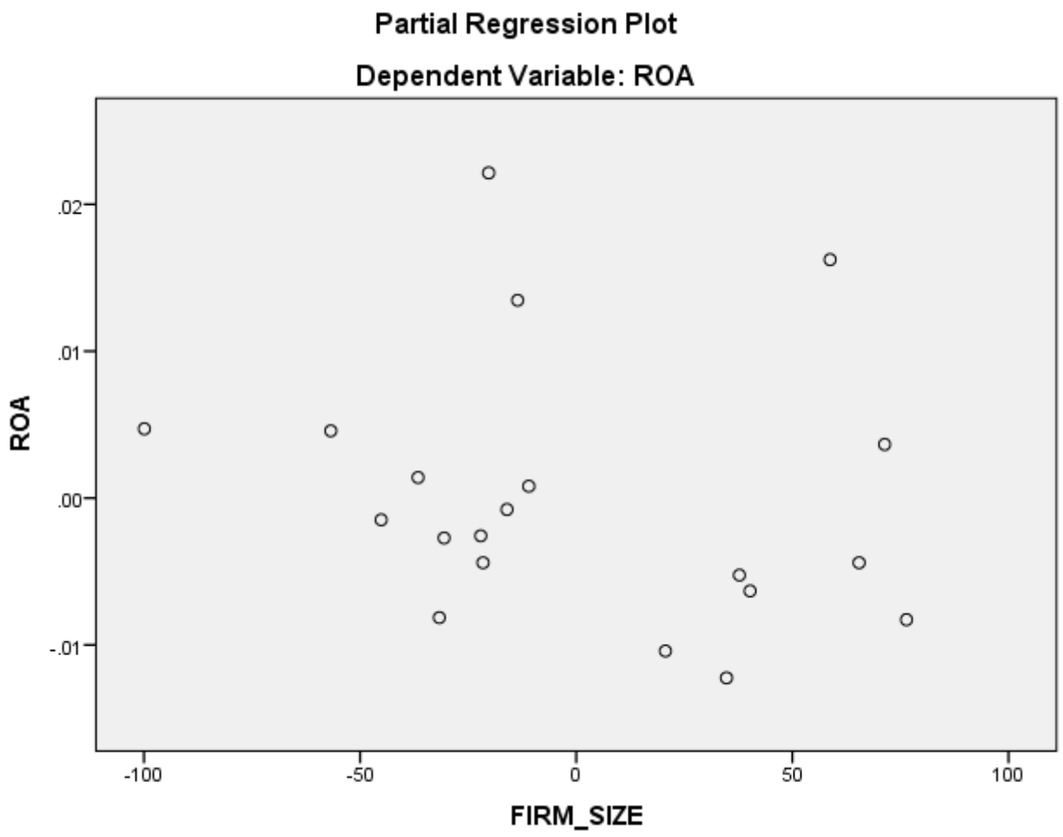
5.00
10.00
FIRM_AGE

xx


Partial Regression Plot
Dependent Variable: ROA
ROA
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.00
-.01
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-50
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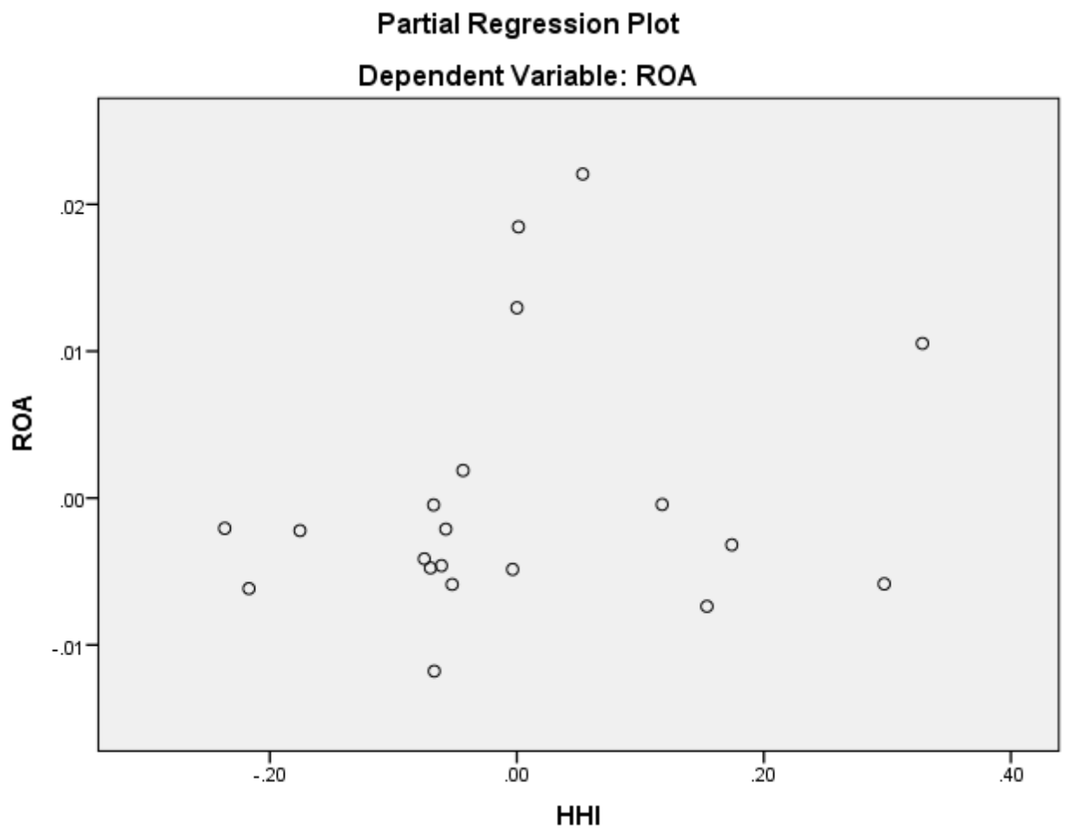
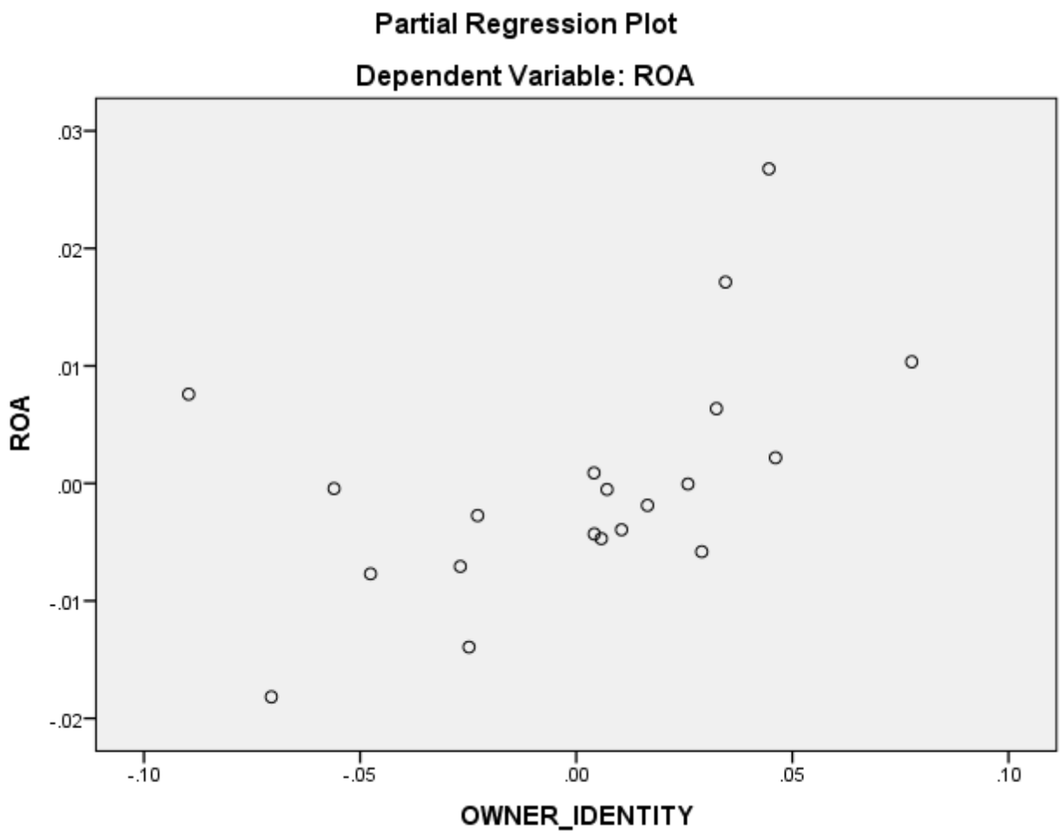
50
100
FIRM_SIZE


Partial Regression Plot
Dependent Variable: ROA
ROA
.02
.01
.00
-.01
-.20
.00
.20
.40
HHI


Partial Regression Plot
Dependent Variable: ROA
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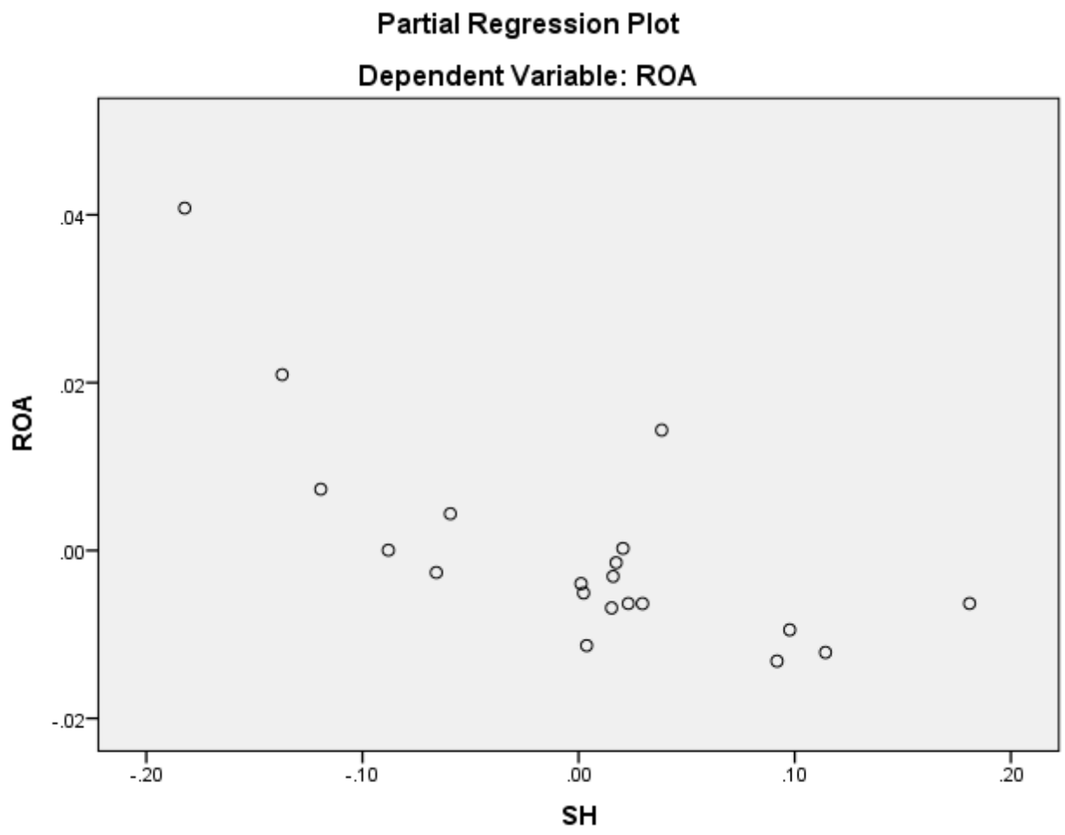
.02
.01
.00
-.01
-.02
-.10
-.05
.00
.05
.10
OWNER_IDENTITY


Partial Regression Plot
Dependent Variable: ROA
ROA
.04
.02
.00
-.02
-.20
-.10
.00
.10
.20
SH

Regression

Descriptive Statistics

	Mean	Std. Deviation	N
ROE	.5474	.38674	20
DEBT_RATIO	.3770	.43312	20
FIRM_AGE	21.1000	6.83566	20
FIRM_SIZE	127.70	157.567	20
HHI	.2285	.31778	20
OWNER_IDENTITY	.1090	.12761	20
SH	.2525	.28789	20

Correlations

		ROE	DEBT_RATIO	FIRM_AGE	FIRM_SIZE	HHI	OWNER_IDENTITY	SH
Pearson Correlation	ROE	1.000	.870	-.047	.719	.243	.787	.746
	DEBT_RATIO	.870	1.000	.083	.781	.351	.843	.874
	FIRM_AGE	-.047	.083	1.000	.415	-.411	.031	-.009
	FIRM_SIZE	.719	.781	.415	1.000	.057	.827	.708
	HHI	.243	.351	-.411	.057	1.000	.442	.609
	OWNER_IDENTITY	.787	.843	.031	.827	.442	1.000	.821
	SH	.746	.874	-.009	.708	.609	.821	1.000
Sig. (1-tailed)	ROE	.	.000	.422	.000	.151	.000	.000
	DEBT_RATIO	.000	.	.365	.000	.065	.000	.000
	FIRM_AGE	.422	.365	.	.035	.036	.449	.485
	FIRM_SIZE	.000	.000	.035	.	.406	.000	.000
	HHI	.151	.065	.036	.406	.	.026	.002
	OWNER_IDENTITY	.000	.000	.449	.000	.026	.	.000
	SH	.000	.000	.485	.000	.002	.000	.
N	ROE	20	20	20	20	20	20	20
	DEBT_RATIO	20	20	20	20	20	20	20
	FIRM_AGE	20	20	20	20	20	20	20
	FIRM_SIZE	20	20	20	20	20	20	20
	HHI	20	20	20	20	20	20	20
	OWNER_IDENTITY	20	20	20	20	20	20	20
	SH	20	20	20	20	20	20	20

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.902[a]	.813	.727	.20219	.813	9.418	6	13	.000	2.415

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.310	6	.385	9.418	.000[b]
	Residual	.531	13	.041		
	Total	2.842	19			

a. Dependent Variable: ROE

b. Predictors: (Constant), SH, FIRM_AGE, HHI, OWNER_IDENTITY, DEBT_RATIO, FIRM_SIZE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	.560	.205		2.726	.017	.116	1.003					
	DEBT_RATIO	.610	.282	.683	2.166	.049	.002	1.219	.870	.515	.260	.145	6.919
	FIRM_AGE	-.014	.010	-.248	-1.468	.166	-.035	.007	-.047	-.377	-.176	.504	1.982
	FIRM_SIZE	.000	.001	.137	.348	.733	-.002	.002	.719	.096	.042	.093	10.775
	HHI	-.246	.308	-.202	-.801	.438	-.911	.418	.243	-.217	-.096	.225	4.441
	OWNER_IDENTITY	.498	1.086	.164	.459	.654	-1.848	2.844	.787	.126	.055	.112	8.925
	SH	.050	.523	.037	.096	.925	-1.079	1.179	.746	.027	.012	.095	10.520

a. Dependent Variable: ROE

Coefficient Correlations[a]

Model			SH	FIRM_AGE	HHI	OWNER_IDENTITY	DEBT_RATIO	FIRM_SIZE
1	Correlations	SH	1.000	.104	-.734	.247	-.662	-.464
		FIRM_AGE	.104	1.000	-.030	.399	.015	-.559
		HHI	-.734	-.030	1.000	-.523	.406	.622
		OWNER_IDENTITY	.247	.399	-.523	1.000	-.363	-.750
		DEBT_RATIO	-.662	.015	.406	-.363	1.000	.093
		FIRM_SIZE	-.464	-.559	.622	-.750	.093	1.000
	Covariances	SH	.273	.001	-.118	.140	-.097	.000
		FIRM_AGE	.001	9.129E-005	-8.759E-005	.004	4.094E-005	-5.160E-006
		HHI	-.118	-8.759E-005	.095	-.175	.035	.000
		OWNER_IDENTITY	.140	.004	-.175	1.179	-.111	-.001
		DEBT_RATIO	-.097	4.094E-005	.035	-.111	.079	2.541E-005
		FIRM_SIZE	.000	-5.160E-006	.000	-.001	2.541E-005	9.339E-007

a. Dependent Variable: ROE

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions						
				(Constant)	DEBT_RATIO	FIRM_AGE	FIRM_SIZE	HHI	OWNER_IDENTITY	SH
1	1	5.339	1.000	.00	.00	.00	.00	.00	.00	.00
	2	.776	2.622	.02	.01	.02	.00	.01	.01	.01
	3	.648	2.870	.00	.00	.00	.02	.14	.00	.00
	4	.116	6.789	.00	.28	.00	.06	.06	.16	.06
	5	.073	8.528	.06	.17	.03	.14	.03	.24	.16
	6	.030	13.437	.32	.48	.20	.05	.55	.07	.58
	7	.018	17.247	.60	.06	.74	.72	.20	.52	.20

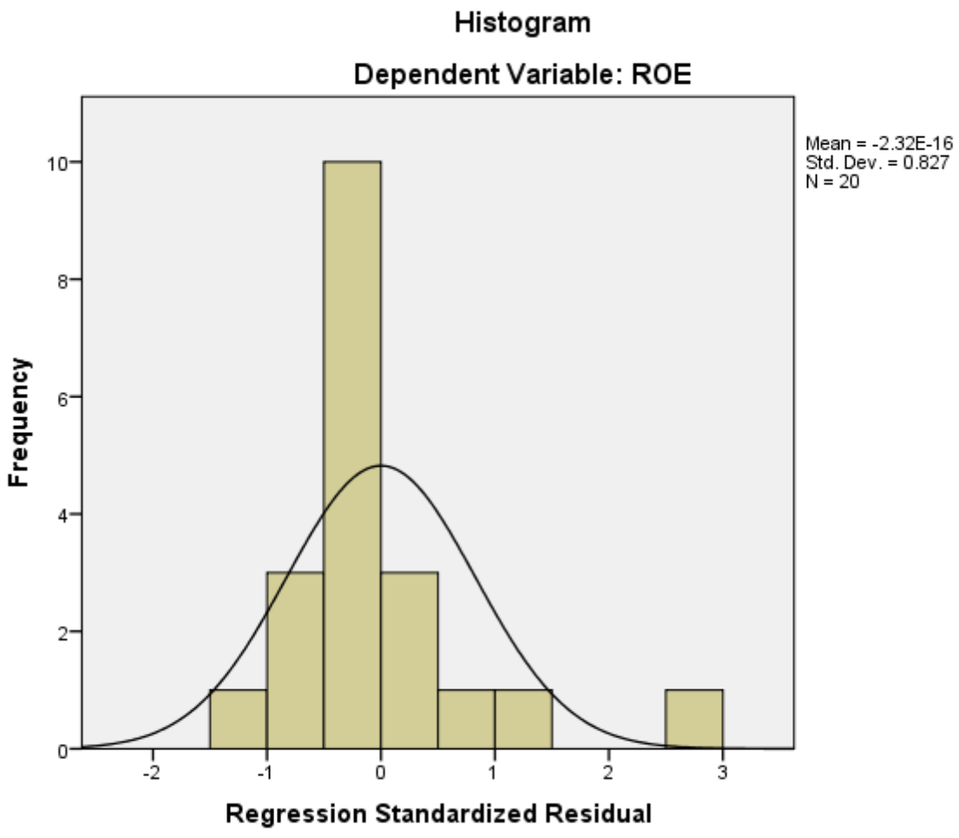
a. Dependent Variable: ROE

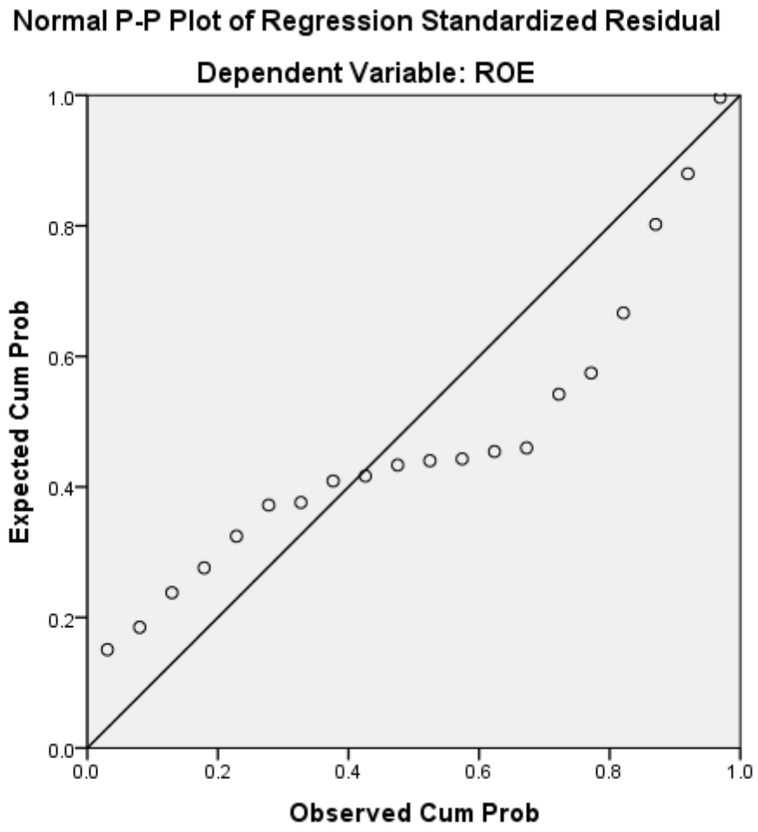
Residuals Statistics[a]

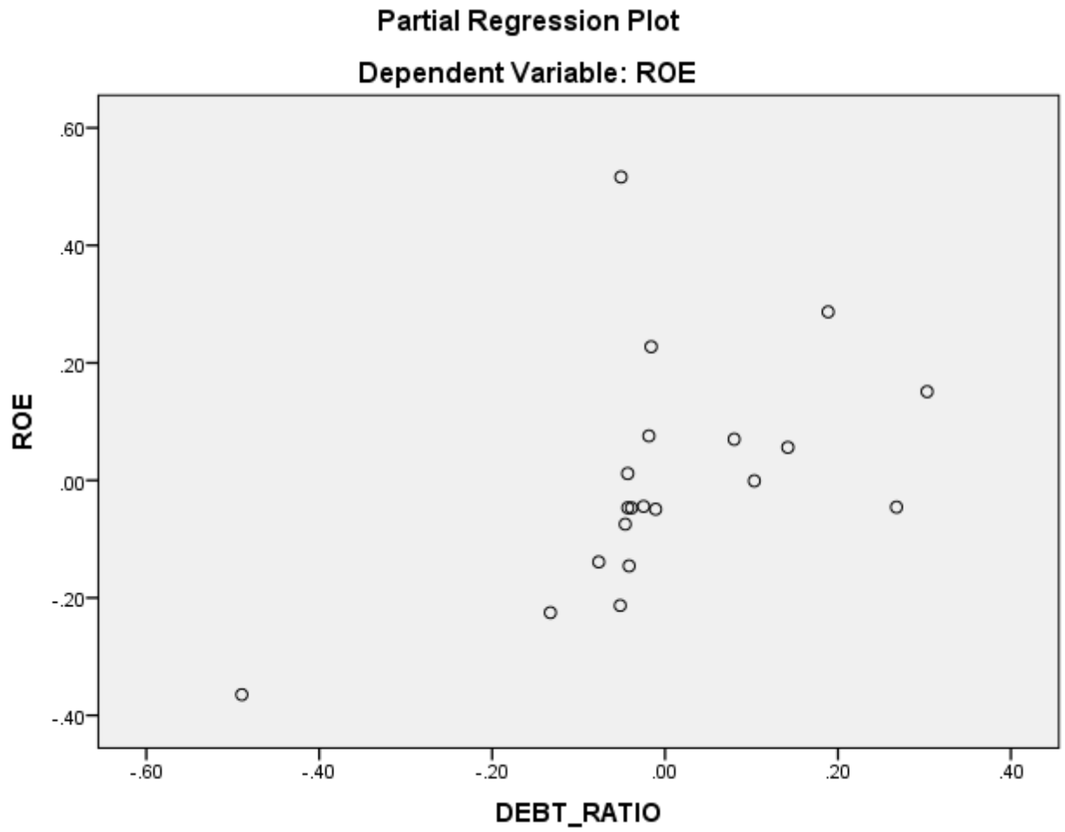
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.0987	1.0968	.5474	.34870	20
Residual	-.20897	.54740	.00000	.16725	20
Std. Predicted Value	-1.287	1.576	.000	1.000	20
Std. Residual	-1.034	2.707	.000	.827	20

a. Dependent Variable: ROE

Charts




Normal P-P Plot of Regression Standardized Residual
Dependent Variable: ROE
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0


Partial Regression Plot
Dependent Variable: ROE
ROE
DEBT_RATIO
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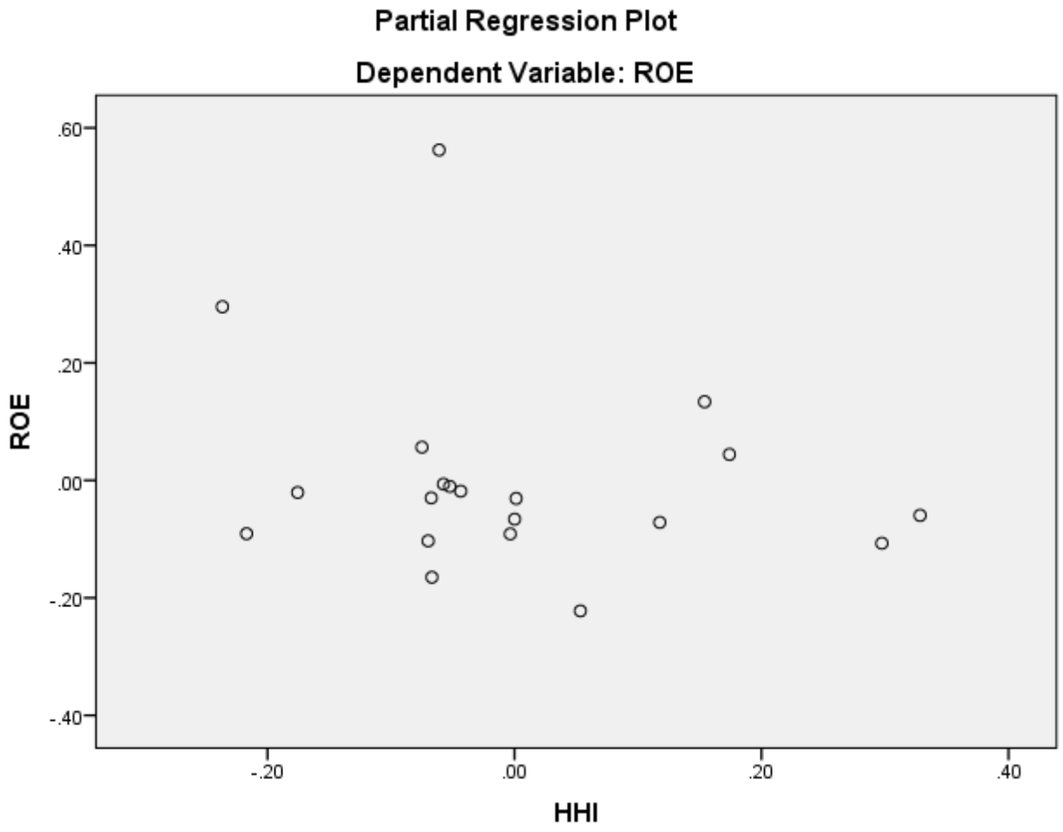
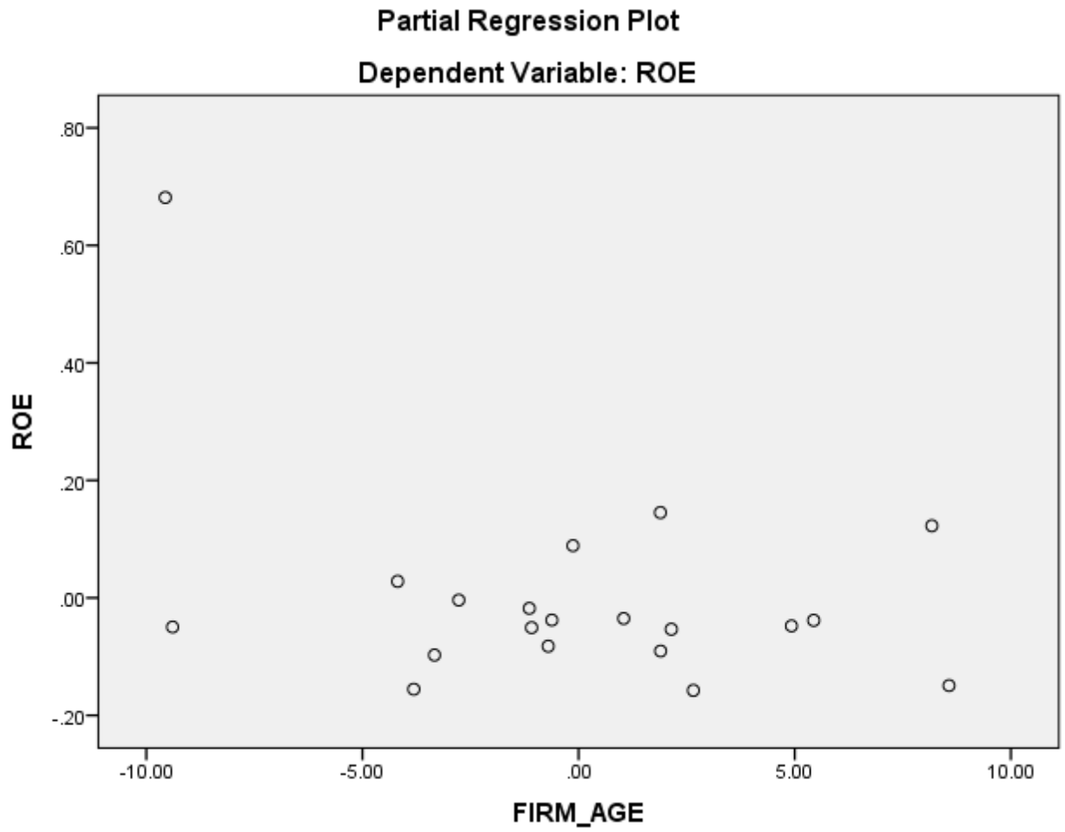
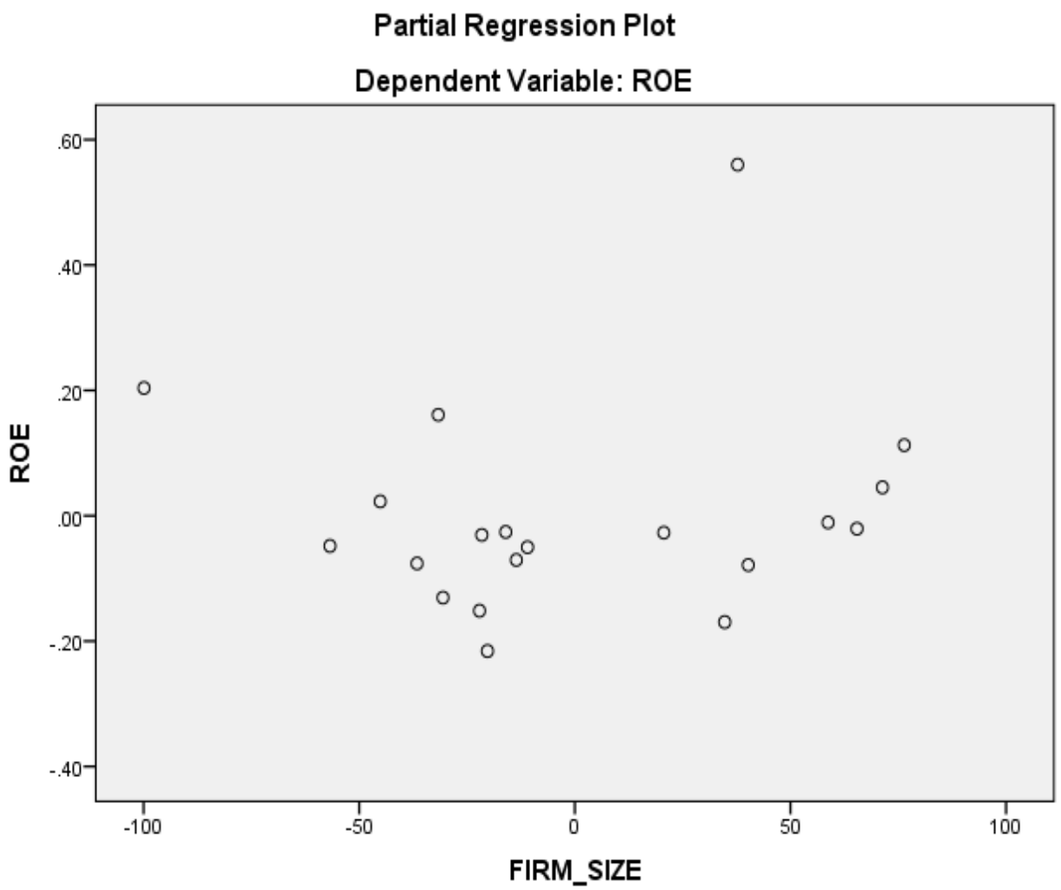
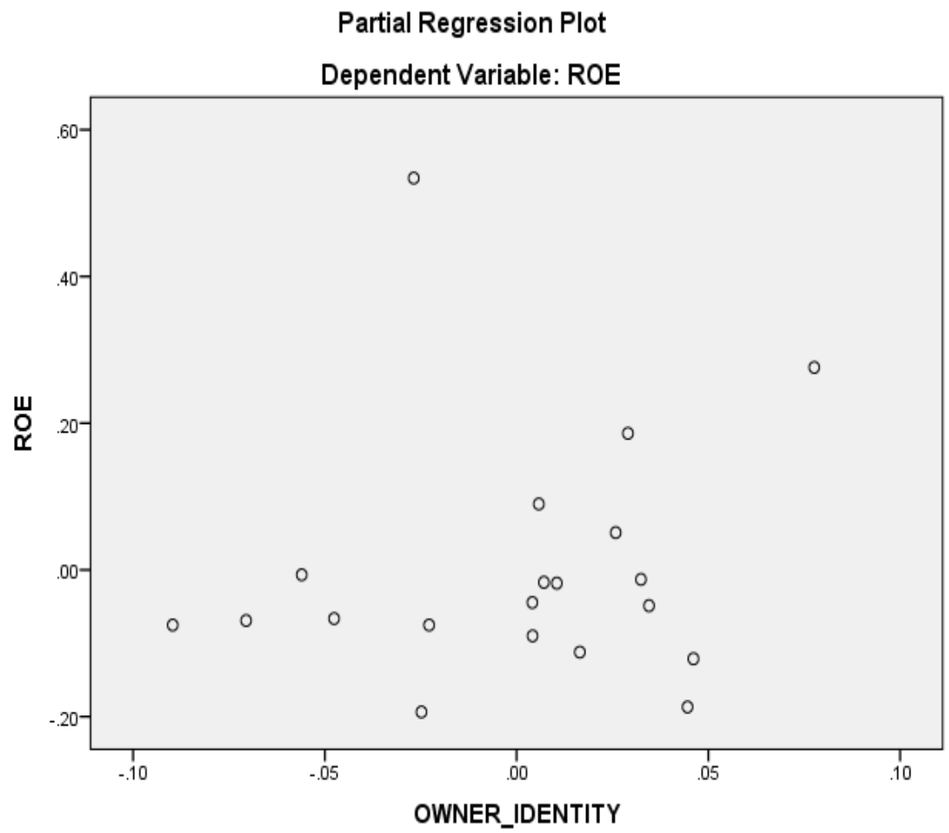
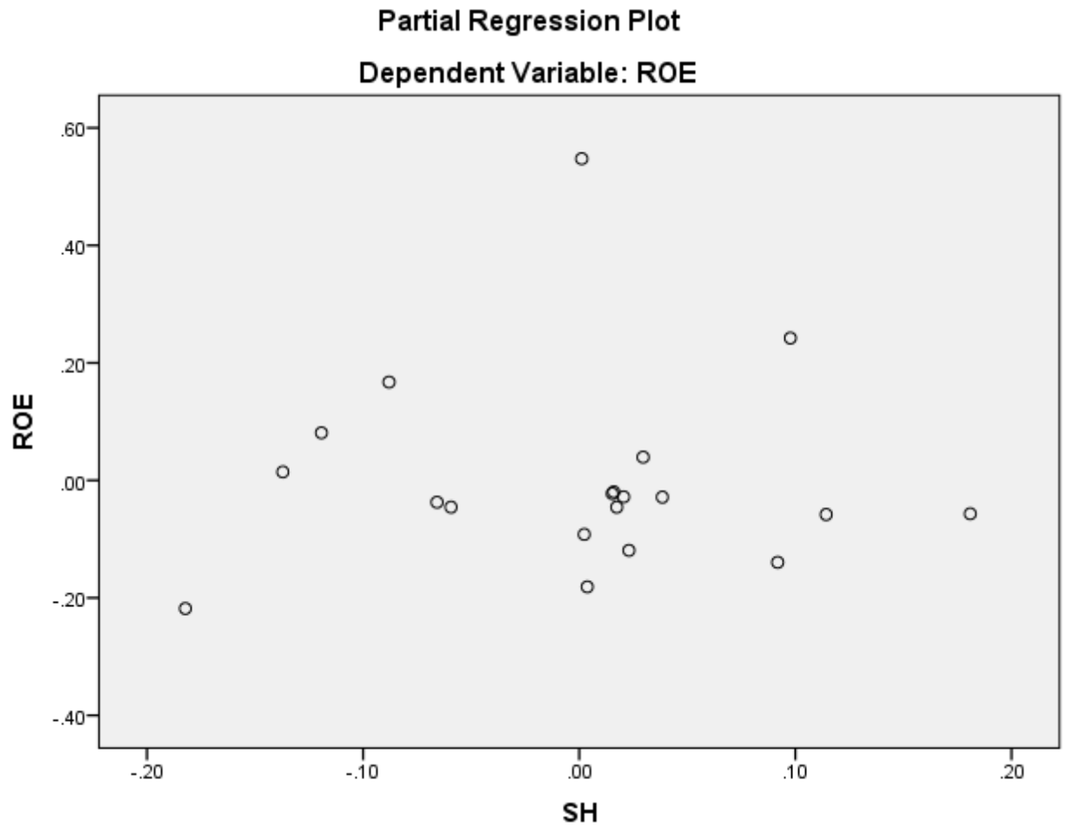
.40
.20
.00
-.20
-.40
-.60


Partial Regression Plot
Dependent Variable: ROE
ROE
.60
.40
.20
.00
-.20
-.40
-.20
.00
.20
.40
HHI


Partial Regression Plot
Dependent Variable: ROE
ROE
.80
.60
.40
.20
.00
-.20
-10.00
-5.00
.00
5.00
10.00
FIRM_AGE


Partial Regression Plot
Dependent Variable: ROE
ROE
.60
.40
.20
.00
-.20
-.40
-100
-50
0
50
100
FIRM_SIZE


Partial Regression Plot
Dependent Variable: ROE
ROE
.60
.40
.20
.00
-.20
-.10
-.05
.00
.05
.10
OWNER_IDENTITY



Correlations

Descriptive Statistics

	Mean	Std. Deviation	N
DEBT_RATIO	.3770	.43312	20
FIRM_AGE	21.1000	6.83566	20
FIRM_SIZE	127.70	157.567	20
HHI	.2285	.31778	20
OWNER_IDENTITY	.1090	.12761	20
ROA	.0268	.02096	20
ROE	.5474	.38674	20
SH	.2525	.28789	20

xxx

Correlations

		DEBT_RATIO	FIRM_AGE	FIRM_SIZE	HHI	OWNER_IDENTITY	ROA	ROE	SH
DEBT_RATIO	Pearson Correlation	1	.083	.781**	.351	.843**	.587**	.870**	.874**
	Sig. (2-tailed)		.729	.000	.129	.000	.007	.000	.000
	Sum of Squares and Cross-products	3.564	4.646	1012.222	.918	.885	.101	2.769	2.072
	Covariance	.188	.245	53.275	.048	.047	.005	.146	.109
	N	20	20	20	20	20	20	20	20
FIRM_AGE	Pearson Correlation	.083	1	.415	-.411	.031	-.271	-.047	-.009
	Sig. (2-tailed)	.729		.069	.072	.897	.247	.845	.970
	Sum of Squares and Cross-products	4.646	887.800	8484.600	-16.957	.512	-.739	-2.348	-.335
	Covariance	.245	46.726	446.558	-.892	.027	-.039	-.124	-.018
	N	20	20	20	20	20	20	20	20
FIRM_SIZE	Pearson Correlation	.781**	.415	1	.057	.827**	.313	.719**	.708**
	Sig. (2-tailed)	.000	.069		.813	.000	.179	.000	.000
	Sum of Squares and Cross-products	1012.222	8484.600	471718.200	53.861	315.894	19.661	832.141	610.175
	Covariance	53.275	446.558	24827.274	2.835	16.626	1.035	43.797	32.114
	N	20	20	20	20	20	20	20	20
HHI	Pearson Correlation	.351	-.411	.057	1	.442	.202	.243	.609**
	Sig. (2-tailed)	.129	.072	.813		.051	.392	.303	.004
	Sum of Squares and Cross-products	.918	-16.957	53.861	1.919	.340	.026	.567	1.059
	Covariance	.048	-.892	2.835	.101	.018	.001	.030	.056
	N	20	20	20	20	20	20	20	20
OWNER_IDENTITY	Pearson Correlation	.843**	.031	.827**	.442	1	.574**	.787**	.821**
	Sig. (2-tailed)	.000	.897	.000	.051		.008	.000	.000
	Sum of Squares and Cross-products	.885	.512	315.894	.340	.309	.029	.738	.573
	Covariance	.047	.027	16.626	.018	.016	.002	.039	.030
	N	20	20	20	20	20	20	20	20
ROA	Pearson Correlation	.587**	-.271	.313	.202	.574**	1	.537*	.301
	Sig. (2-tailed)	.007	.247	.179	.392	.008		.015	.198
	Sum of Squares and Cross-products	.101	-.739	19.661	.026	.029	.008	.083	.034
	Covariance	.005	-.039	1.035	.001	.002	.000	.004	.002

	N	20	20	20	20	20	20	20	20
	Pearson Correlation	.870**	-.047	.719**	.243	.787**	.537*	1	.746**
	Sig. (2-tailed)	.000	.845	.000	.303	.000	.015		.000
ROE	Sum of Squares and Cross-products	2.769	-2.348	832.141	.567	.738	.083	2.842	1.578
	Covariance	.146	-.124	43.797	.030	.039	.004	.150	.083
	N	20	20	20	20	20	20	20	20
	Pearson Correlation	.874**	-.009	.708**	.609**	.821**	.301	.746**	1
	Sig. (2-tailed)	.000	.970	.000	.004	.000	.198	.000	
SH	Sum of Squares and Cross-products	2.072	-.335	610.175	1.059	.573	.034	1.578	1.575
	Covariance	.109	-.018	32.114	.056	.030	.002	.083	.083
	N	20	20	20	20	20	20	20	20

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

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