International Journal of Advanced Studies in Economics and Public Sector Management | IJASEPSM
p-ISSN: 2354-421X | e-ISSN: 2354-4228
Volume 12, Number 2 October, 2024

Concentrated Ownership and Earning Per Share of Listed Manufacturing Firms in Nigeria

[1]Okafor Justina Obiageli, [2]Okafor Michah Chukwuemeka & [3]Michael Chidiebele Ekwe
Department of Accounting
Michael Okpara University of Agriculture, Umudike

Article DOI: 10.48028/iiprds/ijasepsm.v12.i2.19

Abstract

This study examined the effect of concentrated ownership structure on the financial performance of selected quoted manufacturing firms in Nigeria for the period 2013-2022. While earnings per share (EPS), was the proxy for the dependent variable, concentrated ownership (CSON), was used as the proxy for the independent variable. The data for the study were sourced from the audited financial statements of the selected quoted manufacturing firms and from the publications of the Nigerian Exchange Group (NGX). Various preliminary statistical tests (normality test, heteroskedasticity test, Hausman test among others) were carried out before the test of the hypotheses. Panel Generalized Method of Moment (GMM) method for data analysis was used in the study. The study found that concentrated ownership had a positive and statistically significant effect on earnings per share of the selected manufacturing firms. The study concludes that there is a robust relationship between concentrated ownership and the financial performance of listed manufacturing firms in Nigeria. Consequently, the study recommends that manufacturing firms should encourage a concentrated ownership structure where it performs optimally in boosting the performance level of the firms. Allowing ownership of manufacturing firms in the hands of a few competent and reliable individuals can define a new dimension of ownership structure where the concentration of all strategic decision-making processes in terms of production and distribution of goods and services will rest in the hands of a few individuals; for the sake of efficiency and accountability in management of shareholders wealth.

Keywords: *Concentrated Ownership, Earnings Per Share, Listed Manufacturing Firms, Nigeria*

Corresponding Author: **Okafor Justina Obiageli**

Background to the Study

The relationship between ownership structure and financial performance has been extensively studied; driven by concerns about managerial accountability and shareholder wealth maximization. Effective corporate governance frameworks are crucial, particularly in developing markets like Nigeria. Research has shown that ownership configuration influences internal controls, financial outcomes, and risk-sharing frameworks (Pedersen & Thomsen, 2010; Kumar & Singh, 2013). However, findings on the impact of ownership structure on financial performance are mixed, with some studies indicating positive effects (Zandi et al., 2019) and others suggesting negative outcomes (Wamba et al., 2017). This study addresses the gap in understanding the relationship between concentrated ownership structure and financial performance in Nigeria's manufacturing sector. Prior studies have not specifically focused on listed manufacturing firms, which have unique characteristics and regulatory environments. This study examines the effect of concentrated ownership structure on financial performance proxied by earnings per share, in Nigeria's listed manufacturing firms from 2013 to 2022. This study contributes to the understanding of the relationship between concentrated ownership structure and financial performance in Nigeria's manufacturing sector, providing insights for policymakers, investors, and corporate managers

Ownership Structure

Ownership Structure refers to how a company's equity is distributed among its shareholders and the types of control and rights they hold. Different scholars and authors have approached the topic of ownership structure in various ways, highlighting its influence on corporate governance, performance, and decision-making. Below are some definitions from prominent authors. Klapper and Love (2004) explored the relationship between ownership structure and firm performance, arguing that the concentration of ownership can affect corporate governance practices, influencing the firm's financial outcomes. They noted that concentrated ownership may reduce the agency problem by ensuring that those who hold significant equity also have a vested interest in firm performance.

Ownership structure can be defined from two perspectives notably, ownership concentration and ownership identity this was conceptualized by Hasan, & Butt(2009), and Grosfeld (2006); Elucidating further, Jiang, Habib, and Hu, (2011); and Pedersen and Thomsen (1999), stated that ownership concentration specifies shares of the biggest owner influenced by monitoring cost and absolute risk i.e, the size of the firm (larger size firms attract handsome capital funds and huge value-to-sale rates) Factored by the Herfindahl index. (2011), stated in his report that, foreign ownership is characterized by the number of shares controlled by all foreign investors that is being cut down by the total number of shares outstanding for that firm at the end of an accounting period expressed as a percentage. In the words of Bansal (2005), that ownership structure is the committee of investors and shareholders (proprietors) which is made up of individual peoples, groups, and institutions who have different goals, interests, investment horizons, and capabilities.

According to Wahba and Elsayed (2015), the relationship between outside shareholders and managers is marked by moral hazard and opportunism, which result from information

asymmetry. The social role of financial reporting increases with the separation of ownership and control Indeed, accounting numbers are essential indicators to assess managers' performance. However, the discretionary power of managers over the accounting policy being important in firms with diffused ownership, their propensity to manipulate the outputs of the accounting process is higher. In contrast to the directors' ownership, institutional ownership is an investment from a group of outside investors or investment from a certain institution. The percentage of ownership from the institutions is normally higher than the individual investors. It is assumed that institutional investors have more influence than other individual investors. With the high portion of ownership, institutional ownership has the importance of monitoring role in the performance process of the firm. It is rational that institutional investors demand high-quality information from the company.

Furthermore, Ongore (2011), examines the relationship between a firm's ownership structure and its performance. His research categorizes ownership structure into state ownership, foreign ownership, diffuse ownership, corporate ownership, insider ownership, and ownership concentration. His research shows that government-owned businesses typically do poorly because they are characterised by tribalism, unnecessary bureaucracy, nepotism, favouritism, no respect for rules and regulations, and influence from the politicians. This present study aims to examine the effect of concentrated ownership structure on the financial performance of selected quoted manufacturing firms in Nigeria for the period 2013-2022.

Conceptual Literature

Financial Performance

A firm's financial performance refers to how well it uses its assets and resources to generate income and profits over a specific period. It is typically assessed through key financial metrics such as return on equity, return on assets, etc. Financial performance reflects the overall economic health and operational efficiency of a business and is commonly evaluated through financial statements such as the income statement, balance sheet, and cash flow statement. In the same vein, a Firm's financial performance refers to the profit or measure of a firm's management efficiency in converting assets into income while minimizing cost. While Osuka and Osadume (2013), argue that performance means achievement of a work given to be done. Just like every other achievement, the performance of firms is very vital to shareholders and potential investors because it showcases the general condition of its economic health and the efficiency of the management as well as the ongoing concern of the firm and the attractiveness of its stock to potential investors in the exchange market. But for this study firm financial performance is measured by Earnings per share, Liquidity level, Return on capital employed, Market price per share, and Dividend per share.

Ownership concentration and financial performance (EPS)

Concentrated ownership refers to a situation where a small number of shareholders, often insiders (like founders, executives, or institutional investors), hold a larger percentage of a company's shares. This is in contrast to a widely held ownership structure where shares are distributed among many shareholders. Here a few shareholders have significant control over company decisions, including strategic direction, voting on corporate matters, and

influencing management decisions. Earnings per share is a performance metric, it is a widely used financial metric that represents the portion of a company's profit allocated to each outstanding share of common stock. It is calculated as EPS = Total Annual net income of last year/Total No of outstanding shares.

A firm is said to be highly concentrated if a significant proportion of its equity lies in the hands of a few individuals (Roodposhti and Chasmi, 2010). In concentrated firms, there may be a conflict of interest between the majority and minority shareholders as the controlling shareholders may be entrenched due to their concentrated voting power and hide their benefits by reporting low earnings which reduces the quality of earnings. On the other hand, controlling shareholders may align their interests with minority shareholders by reporting high-quality earnings (Kiatapiwat, 2010). Empirical studies have revealed mixed relationships, researchers like Shleifer and Vishny (1997), Amador (2012), Anderson and Reeb (2003a), and Haioui and Jerbi (2012), have revealed positive relationships while Wang (2006), Baba (2016), Alves (2012), Kiatapiwat (2010), revealed the negative relationship.

Ownership structure determines the nature of agency conflict as well as the distribution of power and control in the company (Jensen and Warner 1988). Sheilfer and Vishny (1997), stated that majority shareholder as a control mechanism to solve agency conflict. This opinion is supported by Kabir, Cantrijn, and Jeunink (1997), who found that more concentrated ownership provides effective monitoring of the manager. Controlling shareholders with large ownership concentration have the incentive and power to acquire the necessary information to supervise the manager. Higher ownership concentration is expected to reduce agency costs and improve the company's performance as well.

Findings by Claessens, Djankov, and Lan (2002), indicated that controlling of single shareholder is prevalent in more than two-thirds of the firms in Asian countries where separation of ownership and control is rare. Therefore, the owner has significant power to pursue their interest at the expense of minority shareholders. Shleifer and Vishny (1997), stated that controlling shareholders might not have a convergence of interests with minority shareholders. With the effective control of the company, the owner can determine daily operations and profit sharing among shareholders. The minority shareholders are entitled to cash flow rights of their shares. However, they will face uncertainty which entrenched control owner may opportunistically deprive them of their right. This creates an 'entrenchment effect' (Morck, et. al., 1998).

Helfin and Shaw (2000), argued that monitoring by large shareholders may give them access to private and value-relevant information. In companies with concentrated ownership, large shareholders can affect management, especially when they become board members, and have a lot beyond the board. Gul, et. al. (2010), investigated the effect of the largest-shareholder ownership concentration on the amount of firm-specific information incorporated into share prices, as measured by stock price synchronization.

They found that synchronization is a concave function of ownership by the largest shareholders. Hu and Izumida (2008), indicated that ownership concentration has a significant effect on contemporary and subsequent corporate performance. Chen, *et al.,* (2007), pointed out that the audit service demand by firms with controlling shareholders could be different from that demanded by firms without controlling shareholders; they found that audit quality is indeed deteriorated and compromised when an auditor faces a business of family-controlled clients. The results of the study by Dong and Zhang (2008), show that, for listed firms in China, external auditors' propensity to qualify is lower with a lower proportion of public shares or with a higher concentration of shares at a marginally significant level. Lukas (2009), found that ownership concentration hurts board independence; Abdullah's (2008), results indicated that there is a significant positive relationship between board independence and audit quality.

The Stakeholder's Theory

According to Eyre (1982), "the rather simplistic view of management objectives put forward by economic theories has been challenged by sociologists and psychologists. The behavioural scientists contend that profit maximization alone is not, and cannot be the sole management objective". He went on to say that there is a belief that the employed manager hoped to satisfy his benefit vis-à-vis the benefit of the organization. This implied that those saddled with the responsibility of formulating business objectives (top management), should take into consideration the personal interest of the employed manager. There should be a deliberate management policy to satisfy the benefit of the employees. This will undoubtedly motivate the employees to achieve the firm's objective. Drawing from the above inference, it is pertinent to argue that today's concern should not only be on the employees, but on the entire stakeholders of the organization. To achieve this aim, every organization should be able to know who its stakeholders are. This often includes, but is not limited to suppliers of inputs, employees and trade unions, members of local communities, society at large, and government. Different stakeholders have different rights to information. This right can be stipulated by law, but also by non-legal codes, corporate values, mission statements, and moral rights, the rights of information are thus determined by society, the organization, and its stakeholders. Simply put, a stakeholder analysis needs to be carried out to identify the relevant parties that have a stake in the organization. They could be individuals, groups, or organizations.

The empirical literature on the impact of concentrated ownership structure on the financial performance of listed manufacturing firms in Nigeria has remained an inexhaustive path less traveled by researchers as evidenced by the scarcity of research materials in this area. However, Zureigat (2011), investigated the effect of ownership structure among Jordanian listed firms based on their audit quality. The study sample consisted of one hundred and ninety-eight (198) companies, out of the two hundred and sixty-two (262) listed companies on the Amman Stock Exchange (ASE). The analysis of logistic regression was used to investigate the relationship between the audit quality; measured based on the audit firms' size as a dependent variable, and ownership structure as the independent variable. The results showed a significant, positive relationship between foreign and institutional ownership and audit quality. Whereas ownership concentration was shown to have a negative relationship with audit quality, that relationship was not significant.

Adeyemi and Fagbemi (2010), provided evidence on corporate governance, audit quality, and firm-related attributes from Nigeria. Logistic regression was used in investigating the questions that were raised in the study. Their findings showed that ownership by non-executive directors had the possibility of increasing the quality of auditing. Evidence from the study also indicated that company size and business leverage are important factors of audit quality for companies quoted on the Nigerian Stock Exchange. A firm is believed to have a qualitative audit if the firm is being audited by a reputable audit firm especially if the firm is one of the big 4 audit firms. The Big 4 auditing firms have been recognized to be; Deloitte, Pricewater House Coopers (PwC), KPMG, Ernst and Young.

Suleiman, Yasin, and Muhamad (2018), in a study, argued that the size of the audit firms could influence the variation in audit quality. Larger audit firms are associated with high audit quality. This is due to the availability of resources, less economic dependence on single clients, and greater loss of reputation for big-size audit firms, which causes the firms to perform high-quality audits, and enhance the propensity of the auditors to issue high-quality financial statements or accurate audit opinion. Although mixed results have been reported, prior research has shown that auditors from larger audit firms are more competent than those from smaller firms due to the ability of the firms to hire skilled employees and provide rigorous training, which is associated with high audit quality. The audited financial statements of clients of big-size audit firms are also said to contain fewer earnings manipulation or restatements because the audit firms are more conservative in reporting, less economically dependent on the audit client, and have an incentive to protect their professional reputation, which restricts the aggressive behavior of corporate managers (Feroz, 1991; DeFond, Raghunandan, and Subramayam, 2002; Lee and Humphrey, 2006).

Yuniarti (2011), examined the determinant factors of audit quality by proposing the hypothesis that the audit firm size and audit fees affect audit quality. She utilized a CPA firm in Bandung, West Java, Indonesia as her unit of analysis. The study carried out descriptive verification research by describing the variables and observing the correlation of these variables from the hypothesis that has been made, systematically through statistical testing. The study examined the hypothesis; through simultaneous test and individual tests, using the t-test and f-test. The empirical results showed that the CPA firm size does not significantly affect the audit quality, whereas audit fees significantly affect the quality of the audit. However, simultaneously, firm size and audit fees do not significantly affect audit quality.

Dehkordi and Makarem (2011), investigated the influence of audit firm size (Big auditors vs. non-big auditors) and auditor type (governmental vs. private auditors) on audit quality. A sample of 224 firms was observed from the Tehran Stock Exchange (TSE) companies during the period 2002 to 2007. Discretionary accruals (DAC) were employed as representative of audit quality. A modified, cross-sectional version of the Jones model was applied to measure DAC. The results showed that the size of non-governmental audit firms does not affect audit quality, and changes within private audit firms do not lead to changes in the level of discretionary accruals. The empirical results imply that in some settings such as that of Iran, factors such as auditor type, intense competition, audit committee, and litigation risk are of greater importance than audit firm size.

Kumar and Singh (2013), analyzed promoter ownership of 176 companies listed on the BSE for the period 2008- 2009 using linear regression analysis to find the effect of promoter ownership on the firm value. Firm value is measured using Tobin's Q. The results of the analysis revealed that there exists a significant positive relationship between firm value and promoter ownership. The regression results suggested that firms with a high ownership concentration of promoters have high market valuations (Tobin's Q).

Akimova and Schwodiauer (2004), examined the effect of ownership structure on corporate governance and performance of privatized enterprises of Ukraine. The data were taken from a survey conducted in 2001 on 202 medium and large firms for the period 1998-2000. In this research ownership structure was measured by the percentage of shares held by each type of owner and performance was measured by sales per employee. Regression analysis was used to test the hypothesis that concentrated outside ownership influences performance positively. The result showed a significant ownership effect on performance. Insider ownership was found to have a significant non-linear effect on performance, positive within a lower range but negative from a threshold close to majority ownership onwards. In general, Ukrainian outside owners didn't have a significant effect on performance.

Sanchez and Garcia (2007), using a meta-analysis technique based on 33 studies, found no substantive relationship between ownership structure and firm performance. The findings showed that the governance system, measurement of performance, and control for endogeneity moderate the effect of ownership on firm performance. Kaserer and Moldenhauer (2008), examined the effect of insider ownership on firm performance in their research. Using a pooled data set of 648 German firms observed for the years 2003 and 1998, they found evidence for a positive and significant relationship between corporate performance - as measured by stock price performance, market-to-book ratio, and return on assets - and insider ownership. In addition, their research showed that outside block ownership as well as more concentrated insider ownership has a positive impact on corporate performance.

Feldman, Amit, and Villalonga (2019), explored the non-linear relationship between managerial ownership and firm profitability. By taking sample data from more than 350 firms for one year using linear regression, the study found a positive relationship between ownership structure and Tobin's Q for board ownership of between 0 to 5% and more than 25% respectively, and a negative relationship for board ownership of between 5 to 25%. When interpreting these results, it appears that the lower (0 to 5%) and higher (>25%) level of board ownership results in better incentive opportunities hence the positive relationship between ownership structure and firm performance. In the case of the mid-level (6 to 25%) board ownership concentration, the relationship is negative because managers are not bothered about losing their position as a result of any potential takeovers. However, the performance of these kinds of firms cannot be measured by accounting performance ratios alone. Short and Rashid et al., (2016) also studied the relationship between ownership structure and firm performance using the market value of stock at book value and return on shareholder's equity as a measure of firm performance and they found the results to be consistent with the previous regressions by Villalonga, *et al.,* (2018).

Shahveisi; Khairollahi, and Alipour (2017), found empirical evidence showing that endogeneity is an issue in ownership structure. Further evidence for the relationship between endogeneity and ownership structure was provided by Villalonga (2018). Al-Malkawi and Pillai (2018), came up with an estimation model using a simultaneous equation employing cross-sectional data to evaluate the positive impact on Tobin's Q resulting from executive equity ownership. Galego; Mira, and Silva (2019), found a positive relationship between managerial ownership and firm performance where managers are the part of higher management and the corporate board. Another method of finding the relationship between ownership structure and firm performance was introduced by Hoang, Nguyen, and Hu (2017), using the simultaneous equation model and considering both firm performance and ownership structure as endogenous. They found that managerial ownership was a positive predictor of Q and that Q is a significant negative predictor of managerial ownership.

Hu, *et al.,* (2018), found managerial ownership was a positive predictor of performance but conversely, performance did not predict ownership. In contrast, using panel data, Chen, et.al., (2016), found that firm size has a positive relationship with firms owned by insiders and likewise that idiosyncratic risk has a negative relationship with firms owned by insiders. However, most researchers could not find any direct relationship between ownership structure and firm performance hence the use of control variables to conclude. There are two main issues with ownership structure, first is the problem of endogeneity and second is the scattered ownership structure. Paniagua, *et al.,* (2018), considered both problems in a study and developed an estimation model consisting of two equations to find the regression using data from US firms. The results showed that ownership structure has a negative relationship with profitability ratios. It also showed that performance is influenced by unsystematic risk. In this study, using Tobin's Q and accounting profit as the proxy for firm performance, Paniagua, et.al., (2018), studied a firm's performance with different kinds of ownership structure namely, managerial ownership, insider ownership, and ownership by the limited shareholders.

Methodology

The *ex-post-facto* and survey research design was employed in this study to examine the effect of ownership structure on the financial performance of manufacturing firms in Nigeria; this is because secondary sources of data were employed. To that effect, secondary sources of data were employed in carrying out this research work. These were mainly data collected concerning ownership structure and financial performance of the selected listed manufacturing firms in the Nigeria exchange group market, from their published accounts for the period of ten (10) years of the study, from 2013 to 2022. Ten years was considered because of the availability of material.

The study, therefore, employed a causal-comparative design research design. Causal Comparative design otherwise known as ex-post factor design is a research design that seeks to find the relationship between independent and dependent variables after an action or event has already occurred, Investopedia (2015). This design helped the researcher to determine whether the independent variables affected the outcome, or dependent variable by comparing the two. Since this study is basically on Nigeria firms, it will help the researcher to find out,

describe, and explain the effect of ownership structure on the financial performance of firms in Nigeria using the selected firms' annual financial reports.

The population of the study comprised fifty-six thousand (56) quoted manufacturing firms on the Nigeria Exchange Group (NGX) at the time of this study, which is made up of seven (7) sectors. The study employed a purposive sampling method for the selection of the companies. The companies included in the sample were selected, using a non-probability sampling technique.

This study employed only secondary data, which is derived from the audited financial statement of the listed firms on the Nigeria Exchange Group (NEG) in analysing the effect of ownership structure on the financial performance of manufacturing companies in Nigeria.

To examine the effect of concentrated ownership structure on the financial performance of manufacturing firms in Nigeria, the study builds on the existing models of Gacar (2016), Sallhi, Moradi, and Navid (2017), and Kee Hock and Kwong (2017), and the implicit form of the model is given as follows.

Perf i =f (Conown, Mgown, Instown, Govown and Forown) eq. 1
Perf it = β0 + β1 conown it + eit eq. 2
Perf it = β0 + β1 mgown it + eit eq. 3

Where; Perfit, represents firm performance; conown = concentration ownership; mgown = managerial ownership etc.

"i" = Cross section sampled firms; "t" = Time frame; eit = stochastic error term.

To reflect the focus of this study and to accommodate the research slant of this work, the model above were modified by the researcher especially with respect to increased number of dependent, independent and control variables. Hence the new model for this work is specified below;

$$\log EPS_{it} = \beta_0 + \beta_1 \log CON_{i-t} + \beta_2 \log BOS_{i-t} + \beta_3 \log FMS_{i-t} + \varepsilon_{it} \quad \text{eq. 4}$$

Where;
EPS = earnings per share;
CON = concentration ownership;
FMS = Firm size;
BOS = Board size etc.
"i" = Cross section sampled firms; "t" = Time frame; eit = stochastic error term.

Data analysis and discussion
Heteroskedasticity test
Heteroskedasticity was also tested for the linear regression model used in this study. The Presence of heteroskedasticity implies that the coefficients estimated from the panel GMM

regression analyses will be biased. Therefore, the study tested its model for the presence of heteroskedasticity; meaning that where there is an unequal error variance in the models from the data observations, the assumption of homogeneity in the residuals does not hold. Therefore, the null hypothesis is that the residuals are homoscedastic and the alternate hypotheses are that the residuals are heteroscedastic. As indicated in the table1.

Table 1: Panel Cross-section Heteroskedasticity LR Test Earning per share model

	Value	df	Probability
Likelihood ratio	6.427627	6	0.3770
LR test summary:			
	Value	df	
Restricted LogL	-104.3275	56	
Unrestricted LogL	-101.1137	56	

Source: Computed by the researcher using e-view 10.0

As indicated in Table 1, the panel cross-section heteroskedasticity-likelihood ratio (LR) test (6.427627) with probability values of 0.3770, indicated the presence of homogeneity in the residuals. Where the probability value is greater than 0.05, this paper failed to reject the null hypothesis that the residuals are homoscedastic. Thus, the paper concluded that there is no heteroscedasticity in the model. This implied that the result obtained from the estimated model was not biased. The assumption of homoscedasticity was justified in the table (constant variance of errors) is violated, meaning that Var(uit) =σi2 and Cov(uit,ujt) = 0 for i ≠ j cannot hold.

Hausman Tests

The Hausman test is a statistical test used to determine whether a model's random effects estimator (typically in panel data analysis) is consistent by comparing fixed and random effects and evaluating whether the difference is statistically significant. It is particularly useful for comparing random effects and fixed effects models. The test helps decide whether to use a fixed effects or random effects model in panel data analysis.

Null Hypothesis (Ho): The random effects model is preferred. This implies that the random effects estimator is consistent and efficient.

Table 2: Correlated Random Effects - Hausman Test EPS Model

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	51.122776	3	0.0000
Period random	0.000000	3	1.0000
Cross-section and period random	41.574622	3	0.0000

Source: Computed by the researcher using e-view 10.0

Certifying the conditions of hausman test for all observations in this study, justified the use of random effect model for the data analysis.

Hypotheses Testing

The regression results of the effect of concentrated ownership on earning per share of manufacturing firms in Nigeria is presented in table 3 below.

Table 3: Panel Generalized Method of Moments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOGCONS	0.827248	0.355879	2.524519	0.0037***
LOGBOS	-8.421922	1.704929	-4.939748	0.0000***
LOGFMS	0.108499	0.082269	1.318820	0.1926
C	17.08693	4.144559	4.122738	0.0001
R-squared	0.835208	Mean dependent var		1.172064
Adjusted R-squared	0.804952	S.D. dependent var		1.833153
S.E. of regression	1.414083	Sum squared resid		111.9793
Durbin-Watson stat	1.718085	J-statistic		56.00000
Instrument rank	5	Prob(J-statistic)		0.000000

Source: Computed by the author using E-view 10.0; the lag structure of VAR was determined by AIC. Note: ***, **.and * represent 1%, 5% and 10% levels of significance respectively

Table 3 showed that the coefficient of determination (R2) value of 0.835208 is an indication that about 82% of the total variations (changes) in the dependent variable (EPS) were influenced by the explanatory variable including the control variables included in the model. The result equally explained the extent of goodness of fit of the regression line since the R-squared value approaches unity. Furthermore, the J-statistic was highly significant at a 1% level signaling the significance of the regression model and the right aggregation of the research variables. The Dubbin-Watson statistic value of 1.7 equally confirmed the absence of serial correlation in the result. On the other hand, concentrated ownership had an elasticity value of 0.82724 (coefficient), t-statistic value [2.5245], and probability of 0.0037 < 0.05 showing that any increase in concentrated ownership will be caused earnings per share to increase proportionately by 74% within the period of study. Board size showed a statistically significant (though negative) influence on the dependent variable while firm size was statistically insignificant on the earnings per share of the companies under study. This result becomes consistent with the prior expectation and implies that there is a positive and statistically significant effect of concentrated ownership on earnings per share of listed manufacturing companies in Nigeria.

Discussion of finding

The paper on the effect of concentrated ownership structure on the financial performance of selected quoted manufacturing firms was carried out in Nigeria for the period 2013 to 2022. Earnings per share (EPS) was used to formulate the regression models as the dependent variable while concentrated ownership was used to proxy the independent with firm size and board size serving as the control variables.

The result (see Table 3) revealed that the total effect of concentrated ownership (CSON) on financial performance (EPS) was significant (Ho**1**β = 0.827248, t = 2.524519, p = 0.0037); an indication of strong positive and statistically significant effect of CSON on EPS within this studied period. The finding of this study was consistent with the works of Alhababsah, (2019) on the study of Ownership structure and audit quality as an empirical analysis considering firms' ownership types in Jordan and contradicted the study of Alzoubi (2016) on ownership structure and earnings management as evidence from Jordan manufacturing firms.

Conclusion and Recommendation

The paper was design to examine the effect of concentrated ownership structure on the financial performance of selected quoted manufacturing firms in Nigeria for the period 2013-2022. It adopted the panel Generalized method of moment (GMM) for data analysis where it was established that the studied variables (regressands) had significant influences on the regressor. After testing the stated hypotheses, the study found that concentrated ownership exerted a significant effect on earnings per share. To this end, the study established that there was a significant effect of ownership structure on the financial performance of the selected quoted manufacturing firms in Nigeria. The study recommends that manufacturing firms should encourage a concentrated ownership structure where it performs optimally in boosting the performance level of the firms. Thus, to invest in such firms, investors should as well do a thorough historical assessment of the managerial skills and result-oriented achievements of such individuals (owners) before entrusting them with the responsibilities. Such responsibility should equally encourage the persons involved to be more responsive, committed to improved research and development, and result-oriented decisions.

References

Adeyemi, S. B, & Fagbemi, T.O, (2010), Audit quality, corporate governance and firm characteristics in Nigeria, *International Journal of Business and Management*, 5 (5), 169-179.

Akimova, I., & Schwodiauer, G. (2004). Ownership Structure, Corporate Governance, and Enterprise Performance: Empirical Results for Ukraine. *International Advances in Economic Research*, 10 (1), 28-42.

Akimyomi, O. J. & Olutunji, A. I. (2022). The nexus between ownership structure and firm performance: Evidence from Nigeria's manufacturing sector. *International Journal of Financial Studies,* 10(4): 58 – 71.

Ali, M. & Masir, A. (2020). Ownership structure, agency costs and firm performance: Evidence from the emerging markets. *Journal of Business Research* 11(5): 380 – 391.

Al-Ajmi J. (2009). Audit firm, corporate governance, and audit quality: Evidence from Bahrain", *Advances in Accounting*, 25, 64-74.

Dehkordi, H. F. & Makarem N. (2011). The effect of size and type of auditor on audit quality", *International Research Journal of Finance and Economics*, 80, 121-137

Galego, A., Mira, N., & Silva, J. V. (2019). Ownership, productivity and firms' life-cycle. *European Journal of Family Business, 8*(2), 139-150. https://doi.org/10.24310/ejfbejfb.v8i2.5228

Hasan, A., & Butt, S.A. (2009). Impact of Ownership Structure and Corporate Governance on Capital Structure of Pakistani Listed Companies. *International Journal of Business and Management,* 4, (2), 50-57

He, W., & Kyaw, N. A. (2018). Ownership structure and investment decisions of Chinese SOEs. *Research in International Business and Finance, 43*, 48-57. https://doi.org/10.1016/j.ribaf.2017.07.165

Jensen, M. & Meckling, W.H. (1976). Theory of the firm: managerial behaviour, agency costs, and ownership structure. *Journal of Financial Economics*, 3, 305-360. http://dx.doi.org/10.1016/0304-405X(76)90026-X.

Jiang, H., Habib. A., & Hu. B. (2011). Ownership concentration. Voluntary disclosures and information asymmetry in New Zealand. *The British Accounting Review*. 43(1).39-53.

Jiang, P. (2004). The Relationship between Ownership Structure and Firm Performance: an Empirical Analysis over Heilongjiang Listed companies. *Nature and Science*, 2, (4), 87-91

Kapopoulos, P., & Lazaretou, S. (2006). Corporate Ownership Structure and Firm Performance: Evidence from Greek Firms. Bank of Greece, Economic Research Department-Special Studies Division, Working Paper No.37

Kumar, N., & Singh, J. P. (2013). Effect of board size and promoter ownership on firm value: some empirical findings from India. Corporate Governance: *The International Journal of Business in Society*, 13(1), 88-98.

Mohammad, N. (2019), The Effect of Foreign Ownership on Firm Performance: Evidenced from Indonesia.

Osuka, B.O. & Osadume, C.R (2013). The determinants of financial performance of quoted banks in Nigeria: *International Journal of Education and Research*. 1 (10).

Pedersen, T., & Thomsen, S. (2010). Economic and systemic explanations of ownership concentration among Europe's largest companies. *International Journal of the Economics of Business,* 6 (3), 367-381.

Sanchez-Ballesta, J., & Garcia-Meca, E. (2007). A Meta analytic Vision of the Effect of Ownership Structure on Firm Performance. *Corporate Governance*, *15*, 879-893

Sulaiman, N.A, Yasin, F.M, & Muhamad, R, (2018), Perspectives on audit quality: An analysis, *Asian Journal of Accounting Perspectives*, 11(1), 1-27

Tobi, B. A., Osasrere, A. O., & Emmanuel, U. (2016). Auditor's Independence and Audit Quality: A Study of Selected Deposit Money Banks in Nigeria. *International Journal of Finance and Accounting*, 5(1), 13-21.

Wahba, H., & Elsayed, K. (2015). The mediating effect of financial performance on the relationship between social responsibility and ownership structure. *Future Business Journal, 1*(1-2), 1-12.

Wamba, S. F., Gunasekaran, A., Akter, S., Ren, S. J. F., Dubey, R., & Childe, S. J. (2017). Big data analytics and firm performance: Effects of dynamic capabilities. *Journal of Business Research, 70*, 356-365.

Zandi, G., Sadiq, M., & Mohamad, S. (2019). Big-Four Auditors and Financial Reporting Quality: Evidence from Pakistan. *Humanities & Social Sciences Reviews, 7*(2), 369-375. https://doi.org/10.18510/hssr.2019.7243

Zureigat, Q.M, (2011), The effect of ownership structure on audit quality: Evidence from Jordan. *International Journal of Business and Social Science*, 2(10): 38-46.