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OWNERSHIP STRUCTURE AND FINANCIAL PERFORMANCE OF QUOTED FINANCIAL FIRMS IN NIGERIA

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ABSTRACT

This study is aimed at examining the effect of ownership structure on the financial performance of quoted financial firms in Nigeria. Data were collected from the financial statements of 38 financial firms quoted in the Nigerian Stock Exchange (NSE) for the periods of 2010 to 2019. The technique employed by the study was ex-post facto to examine the ownership structure effect on financial performance of financial firms quoted in NSE. The study used descriptive statistics, correlation, and multiple regression method through panel data method for model estimation. The data collected were subjected to pooled General Least Square, Random and Fixed Effects regression model in testing the hypotheses of the study. In this study, ownership structure is represented by institutional ownership, managerial ownership, and ownership concentration as independent variables. Firms' financial performance as the dependent variables was represented by book value per Share. This study found that ownership structure has positive significant effect on financial performance of the quoted financial firms except ownership concentration having negative effect. However, with regards to size and firms' growth, which constitute control variables of the study, mixed evidence of their effects was identified on financial performance. This study thus, recommends that in order to improve the financial performance, financial firms in Nigeria should enlarge managerial equity ownership of the firms. This can induce the executive managers to maximize their performance and provide more financial benefits to stakeholders.

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1. INTRODUCTION

The financial performance of several companies has been basically connected to their ownership structure because it provides financing through owner's equity. Generally, business firms are saddled with the task of generating returns. This responsibility is essential since the capability of a firm to create returns in a competitive market mostly determines its capacity to survive in the future. Bacha and Attia (2016) defined financial performance as a device that measures how well firms use their resources in generating returns, thus make it an essential tool to many stakeholders in a firm. Financial performance thus, is critical to any firm's survival and constant patronage by prospective and existing investors, creditors, and other stakeholders in the world of business.However, the nature of ownership structure a company adopts is determined by the vision of the firm. According to Affan, Rosidiand and Purwanti (2017), ownership structure is determined by the equity distribution regarding the votes, capital and the identity of the equity owners. Thus, ownership structure of a firm has been a strong factor for company's financial performance. The effect of institutional, managerial and ownership concentration on firm's financial performance proxied by book value per share has been issue to be considered in this study. This aspect has been widely studied in the developed economies and recently in emerging economies, but was less considered in the Nigeria context.

Meanwhile, there is little interest on the aspect of ownership structure on financial performance of the financial firms in Nigerian. Some of the few recent researches in Nigeria in this area are those conducted by Alhaji and Sani (2018) Alsmady (2018), Adebiyi and Olowookere (2016), Adeniyi, Adeniyi and Olarewaju (2017), Anthony (2014) and that of Benjamin, Love and Dandago (2014) that focused on the effect of managerial and institutional shareholding components of ownership structure on financial performance of the quoted financial firms between the periods 2001-2010. The government and regulatory bodies have been encouraging the restructuring of ownership structure of companies to increase profitability and efficiency as a way of handling the problem. The uncertainty on the outcome of these options may further make firms exposed to decrease in profits, due to existing uncompetitive ownership structure (Nora & Anis, 2015). The potential effect of initial public offers, conversion to public limited company, and mergers on ownership structure and the consequent impact on the operating performance of firms is a matter which has not received adequate convincing empirical attention in Nigeria.

This study thus, examines the effect of ownership structure on financial performance of the quoted financial firms in Nigeria from the period of 2010 to 2019. This current study fills the gap in literature by adding ownership concentration on financial performance represented by book value per Share of the quoted financial firms in the NSE and also expands the work to cover most recent years in addition to covering sufficient timeframe of up to ten (10) years unlike most of the previous studies that covered five (5) years or less. The rest of this paper includes research questions and objectives, hypotheses, literature review, methodology, presentation and discussion of result as well as the recommendations of the study.

1.1 Objectives of the Study

The primary objective of the study is to examine the effect of ownership structure on the financial performance of quoted financial firms in Nigeria. The specific objectives are:

i. Assess the effect of managerial ownership on the financial performance of the quoted financial firms in Nigeria.

ii. Assess the effect of institutional ownership on the financial performance of the quoted financial firms in Nigeria.

iii. Assess the effect of ownership concentration on the financial performance of the quoted financial firms in Nigeria.

1.2 Research Questions

The following questions are formulated for the study

i. What is the effect of managerial ownership on the financial performance of the quoted financial firms in Nigeria?

ii. What is the effect of institutional ownership on the financial performance of the quoted financial firms in Nigeria?

iii. What is the effect of ownership concentration on the financial performance of the quoted financial firms in Nigeria?

1.3 Hypotheses of the Study

In order to attain this objective, the following null hypotheses are formulated and tested:

Ho1: Managerial ownership has no significant positive effect on the financial performance of the quoted financial firms in Nigeria.

Ho2: Institutional ownership has no significant positive effect on the financial performance of the quoted financial firms in Nigeria.

Ho3: Ownership concentration has no significant positive effect on the financial performance of the quoted financial firms in Nigeria.

2. LITERATURE REVIEW

2.1 CONCEPT OF FINANCIAL PERFORMANCE

Financial performance reveals how well companies use their resources to generate a return which is the main focus of most stakeholders in a company. These stakeholders include investors, trade creditors, employees, bond holders, and management. Each group has its own interest in tracking the financial performance of a company. Financial analysts get information about the financial performance of firms from published financial statements. The report is a required and authorized legal document that must be published by all public companies. The aim of the report is to supply stakeholders with accurate, consistent and dependable financial statements that provide an overview of the company's financial performance. Firms' financial performance can be represented in several ways. Some of them are Return on Equity, Book Value per Share, Return on Assets, Earnings per Share, Dividend per Share, etc. Thus, in this study, financial performance is represented in term of Book Value per Share. The justification for selecting Book Value per Share as a measure of financial performance in this study is that the effect of ownership structure has been tested on numerous other financial indicators on financial firms in Nigeria with the exception of BPS. Similarly, Catuogno, Arena, Saggese and Sarto (2016) in their studies recommend the use of Book Value per Share and consider it more appropriate yardstick for measuring financial performance.

2.1.1 Book Value Per Share (BPS)

BPS can be determine as shareholders' fund divide by the number of ordinary issued shares which is obtained in naira or kobo. It shows how much shareholder's fund allocated to every share of the company. Shareholders' fund is an outcome of how efficient and effective money invested by shareholders in the company are utilized (Noradiva, Parastou & Azlina, 2016). It assists in examining commitment of management in creating wealth for shareholders. BPS is a mixture of share capital, retained earnings, share premium, deposit for share and general reserve.

2.1.1.1 The Concept of Ownership Structure

According to Jensen and Stanley (2015), ownership structure is portrayed by the equity distribution with respect to capital, votes, and the equity owners' identity. This was revealed in their study showing the nature of how agency costs relates to equity where they aimed at integrating concepts into the inception of a theory of corporate ownership structure. Recently, there have been additional interests and need on ownership structures because of the increased changes of corporate portfolio ownership. Ownership structure, as a corporate governance instrument in facilitating improved efficiency of a company, has been generally believed to have affected company's performance. For instance, Shohreh, Seyedeh, Mir and Armin (2015) indicates that the joint-stock firms are less efficient than private companies because the directors of public companies may not critically observe over other people's fund" with the same concerned attention" as their own fund. Transaction cost theory views a company as an offer of contracts in which the activities are cheaper internal than external. Conversely, within the firm, there are conflicts between different parties. The principal-agent theory mentions the conflict between the management and the shareholders. The conflict is resulted by the different needs of managers and shareholders, in particular, the variance between the right of control and cash flow right. Thus, ownership structure in this study composes institutional, managerial, and ownership concentration.

2.2 Managerial Ownership

Managerial ownership shows the ownership portion or stake in a firm that is owned by managers. Managerial ownership is not only intended to enlarge the capital of the company but also to serve as inducements to managers to support managers' interests with the interests and needs of the company (Fich, Harford & Tran, 2015). Managerial ownership is represented by natural logarithm of equity shares held by managers as shareholders of the firm.

2.3 Institutional Ownership

Institutional ownership shows the ownership portion of a firm that is held by large organizations, financial firms, endowments, pension funds etc. Institutions normally purchase big blocks of a company's outstanding shares and can apply substantial influence on its management. Thus, institutional shareholders are usually professionals and they generally apply their expertise in supervising the management to ensure that their interests support those of the company's interests (Shohreh, Seyedeh, Mir & Armin, 2015). Institutional ownership is represented by natural logarithm of equity held by different institutions as investors in the company.

2.4 Ownership Concentration

Ownership concentration shows the ownership portion or stake in a firm that is held by shareholders having the controlling interest or with large chance. Ownership concentration gives the shareholders the inspiration and capability to monitor and control the decision of the management. Thus, concentrated shareholders exercise their ample chance in declining conflicts between managers and the firm by being more practical in supervising and protecting their investments (Adebiyi & Olowookere, 2016). Ownership concentration is represented by natural logarithm of equity held by block holders' investors in the company.

2.5 Theoretical Review

This study is anchored on agency theory. The agency theory was developed by Andow and Bature (2016). The theory indicates that the contractual relationship exists between principals like shareholders, and agents like firm's executive managers. The principals delegate duty to an agent. The theory endeavors to deal with both the agency problem in an event of conflict of interests between a firm's executive managers and firm's shareholders, and that the principal and agent resolve for diverse risk tolerances. Thus, there are two major agency relationships in a company that are usually in conflicts; those between the company's managers and shareholders and between the shareholders and other stakeholders. These agency conflicts have implications on the business ethics and corporate governance. These relationships have exclusive agency costs that are incurred for sustaining a successful agency relationship. More popular agency costs are incentive fees paid to agents to persuade conduct consistent with the principal's goals (Bao & Lewellyn, 2017).

One of the major ways of reducing agency problems as identified by Chung, Liu, Wang and Zykaj (2015) is debt financing. This helps those challenges that are usually related to free cash-flow and information asymmetric problems particularly in the case of debt held privately. Secondly, conflicts of interests between the executive managers and shareholders also occur from the separation between ownership and control. Managerial ownership can ally the interests between them and the owners, thereby; reducing the total agency costs. The relationship between managerial ownership and agency costs is linear and the optimal point for the company is accomplished when the managers obtain some of the shares of the company (Bacha & Attia, 2016). Thirdly, ownership concentration is another option of dropping agency costs by shareholders practically taking active roles in supervision of the firm's operation. This is however based on the number of their equity holdings. The more the investor's share, the more courage they are to supervise and guard their investment (Abu-Qa'dan & Suwaidan, 2019).According to Adeniyi, Adeniyi and Olarewaju (2017), agents such as firms' executive directors will extremely unlikely engage into behaviors that are strictly profit maximizing if shareholders are not firmly observing their activities. The implication thus is that, if owner controlled firms are greatly performing more than manager-controlled firms, the assumption is that ownership financial firms gives better monitoring which results to better performance. Among the prior studies that used agency theory in describing the ownership structure effect on financial performance are those conducted by Anthony (2014), Benjamin, Love, and Dandago (2014), Helen and Bature (2016).

2.6 Review of Empirical Studies

The effect of ownership structure on financial performance has been broadly studied and it created very attractive debate in accounting literature. This study review some of the major empirical studies carried out both locally and internationally regarding the effects of ownership structure on financial performance. Wahba (2014) studied the effects of commercial banks' financial performance and their ownership structure. She categorized them as foreign banks, domestic banks private banks and government banks. Using regression analysis, the study focused on banks in which the top 10 shareholders hold more than 50% of the shares for the banks for the period between 2004 and 2008 in Kenya. Using Returns on Assets as the measure financial performance, the study showed that ownership structure had insignificant positive effect on financial performance. The findings also revealed that both state and private owned banks had a negative relationship with the financial performance. She emphasized that both foreign owned and domestically owned banks had a positive relationship with performance. The study hypothesized that state owned commercial banks perform miserably than the domestic or foreign commercial banks. The study concluded that broadly held banks perform and achieve better performance than closely held ones.

Similarly, Bricker and Markarian (2015) revealed the evidence of endogeneity of large firm's ownership structure in US using a linear regression of an accounting measure of returns. In that model, the measure of rate of returns was assumed to be the portion of shares owned by the first five largest shareholding interests. Their study found that there is no evidence of the correlation between the rate of profit and ownership concentration. Bao and Lewellyn (2017) in their study titled "ownership structure and firm performance," assessed the effect of ownership structure of shareholders and firm performance in a sample including 233 companies in the United States. Chung, Liu, Wang and Zykaj (2015) hypothesized that the ownership is regarded as multidimensional and as an endogenous variable, did not find significant statistical relationship between the ownership structure and firms 'performance. The researchers noted that the results of their research concurred with the view that, while the unfocused ownership may result in intensifying the agency problem, however, it has some benefits which may solve many problems.

Furthermore, Dou, Hope, Thomas and Zou (2018) used a sample of 800 firms in eight East Asian countries in studying the effect of ownership structure on value during the region's financial crisis. The crisis impacted negatively firm's investment opportunities, raising the incentives of controlling shareholders to expropriate minority investors. The evidence is in line with the view that ownership structure plays an important role in determining whether insiders confiscate minority shareholders. In addition, using a sample of 144 Israeli firms, Davis (2014) found that Tobin's Q is maximized when control group vote attains 67%. This evidence is powerful when ownership structure is regarded as exogenous and weak when it is considered endogenous. Erin, Uwuigbe, Igbinoba and Jafaru (2017) addressed the question whether there is any empirical correlation between corporate performance and insider ownership. Using a data set of 245 Germen firms for the year 2003, they recorded evidence for a significant positive correlation between corporate performance, as represented by stock price performance and Tobin's Q as well as insider ownership. Elyasiani, Wen and Zhang (2017) evaluate the relationship between managerial ownership and performance of German SMEs with motivational hypothesis testing in their study. They utilized a sample of 356 companies in services sector that are linked with business in their study, for the years 2012 to 2016. The findings revealed that with managerial ownership, performance of companies had increased by 40 percent.

Moreover, Dadson (2012) in his study entitled "Relationship between institutional owners and informational content of profit" gathered evidences in relation with the monitoring role of institutional investors from the point of view that whether institutional ownership has influence on the information content of reported profit. In that study, different attitudes were evaluated on institutional investors. In testing the correlation between information content of firms' returns and institutional ownership, two models of linear regressions were utilized. Based on the findings of his study, the number of institutional ownership does not increase information content of profit and may also degrade it. Furthermore, the number of institutional ownership does not reduce the information content of profit, but it is possible to increase it.Alhaji and Sani (2018) Alsmady (2018) analyzed the "impact of ownership structure on corporate performance of quoted companies in Tehran Stock Exchange (TSE)". The main hypothesis of this research emphasized the existence of a significant relationship between ownership structure and performance. Research sample included 66 companies during 1382 and 1386. Statistical method used to test hypotheses in this research was "panel data". In this research, the ownership structure is divided into two institutional and private ownership categories that the private ownership also is divided into three categories including corporate, management, and external shareholders. The findings of this research indicated that there is a negative and meaningful relation between institutional ownership and firm performance and a positive and meaningful relation between the corporate ownership and firm performance. Managerial ownership has a negative meaningful influence on the performance and in the case of private ownership, no information indicating the ownership of external investors was observed in the sample companies. In the private ownership, it is also better that the main part of ownership is held by corporate investors. In general, there is a meaningful relation between the ownership structure and performance of the companies.

Adeniyi, Adeniyi and Olarewaju (2017) in their study examined the effect of ownership structure on firm performance of quoted firms in Tehran Stock Exchange for the periods of 2001 and 2006. Utilizing regression analysis, the study revealed that ownership concentration has no significant effect on company performance but the influence of other two variables is significant. Thus, institutional ownership has significant positive effect on company performance whereas concentrated institutional ownership is negative. Anthony (2014) examined the firms' ownership structure effect on the financial performance of quoted companies in Nigeria between 2001 and 2008 respectively. They Employed pooled OLS as a technique of estimation and used four firm-specific characteristics as controlled variables. Their study showed a negative and significant correlation between ownership structures specifically, directors' shareholding and financial performance of firm represented by returns on equity.Similarly, Abdul (2016) in his study assessed the impact of ownership structure on the financial performance of quoted companies in the NSE. The first finding showed a significant negative correlation between institutional ownership and firms' financial performance represented in term of returns on assets. The second finding revealed a significant positive effect between insider ownership and firm performance. Davis (2014) examined the effects of ownership structure on the financial performance of Kenyan commercial banks for the periods between 2009 and 2013 utilizing regression analysis. The study revealed that ownership structure has positive effect on the financial performance of Kenyan commercial banks.

Benjamin, Love, and Dandago (2014) examined the impact of ownership structure on the financial performance of quoted financial firms in Nigeria. The study found a positive correlation between ownership structure and firm's performance represented by returns on assets and returns on equity for the periods of 2001 and 2010. Anthony (2014) assessed the impact of ownership structure on financial performance of quoted firms in the Nairobi Securities Exchange for the period 2008 to 2013. The employed linear regression analysis, and the study revealed a positive effect of ownership concentration on financial performance represented by returns on assets. Furthermore, Reem, Allam, and Wajeeh (2015) examined the correlation between ownership structure aspects and firms' performance of 42 quoted companies in Bahrain covering the period 2007 and 2011. The first finding revealed that ownership concentration has a negative correlation on firm's performance represented by return on assets and Tobin's Q. The second finding revealed that institutional ownership has a positive correlation on firm's performance. While the third finding indicated that managerial ownership has a significance positive relationship with company's performance.Stanley (2015) observed the effect of ownership structure on financial performance of quoted banks in China covering the periods 2005-2013. Adopting correlation analysis, the results showed that there is no significant difference in performance between the two types of ownership structure (state-owned and joint venture). Helen and Bature (2016) examined the effect of ownership structure on the financial performance of quoted conglomerate firms in Nigeria covering the year 2004 to 2013. Adopting regression analysis, the study identified a negative effect of both foreign and managerial ownership and financial performance represented by Earning per Share across the study period, while firm size as control variable has positive impact on the firms' earnings per share.

Abdul (2016) in his study examined the impact of ownership structure on firm performance in India focusing on movies and entertainment, textiles, oil marketing and distribution industries registered in Bombay Stock Exchange (BSE). The research was conducted on 50 companies listed under BSE covering the period of 2011-2015. Adopting correlation statistical analysis, the study revealed that ownership structure represented by institutional, managerial, concentrate, and foreign shareholding has impact on companies' financial performance represented by ROA. Saseela and Thirunavukkarasu (2017) assessed the correlation between ownership structure and financial performance of listed tobacco companies and beverage food in Sri Lanka from the period of 2010 to 2015. The study also evaluated the influence of ownership structure on the financial performance. Using Pearson's correlation and regression analysis, the results indicated that the foreign ownership and ownership concentration structure are positively related with the financial performance of the companies represented by Return on Equity (ROE). The study also recorded a significant influence of foreign ownership structure on financial performance.Finally, the findings of the foreign studies are very essential although, divergence in economic and political conditions among the nations may hardly make their findings applicable in Nigeria. However, the last review on this area was that of Benjamin, Love, and Dandago (2014) who conducted their study which cover the periods 2001-2010, whereas this study is considering the review from 2011-2016 which earlier identified as gap to be filled by this study by extending the year of assessment to 2016, a period which is considered relatively current.

3. METHODOLOGY

The research design adopted by this study is ex-post factor to evaluate the effect of ownership structure on financial performance of quoted financial firms in Nigeria. The population of this study is the quoted financial firms in the NSE as at 31st December, 2010. As at the time of data collection, there are 38 quoted financial firms with complete required data in

Nigeria. The whole population of the study was taken based on the criterion that the companies have complete data in their published financial statements for the periods under study. Multiple regression technique was adopted to analyze the panel data collected for ownership structure and financial performance of quoted financial firms in Nigeria using STATA version 12. A regression indicates the effects of independent variables (ownership structures) have on the dependent variable (financial performance) which can be positive or negative. The GLS regression was run to generate statistics for the coefficient of determination and f-test as well as t-test for the interpretation of results. The coefficient of determination (R2) was used to measures the explanatory power of the explanatory variables on the dependent variables. The T-Test measures the individual implication of the estimated explatory variables, while F-Test was used to measure the overall significance. Hausman's test was also used to choose between the random effect and fixed effect estimates of the coefficients when the results contain heteroscedasticity. Similarly, diagnostics test was conducted which includes variance inflation factor (VIF) for testing multicolinearity which can mislead the results obtained in the study. The multiple regression model designed to find out the effect of ownership structure on the financial performance of quoted financial firms in Nigeria is presented below:-

$$BPSit = \alpha 0 + \beta 1INSTOWNit + \beta 2MGOWNit + \beta 3OWNCONit + \beta 5GROWTHit + \beta 4SIZEit + \mu it$$

INSTOWN = Institutional Ownership, represented by natural log of shares owned by institutions.
MGOWN = Managerial Ownership, represented by natural log of shares owned by managers.
OWNCON = Ownership Concentration, represented by natural log of shares owned by individuals with block vote.
GROWTH = Firm Growth, represented by natural log of increase in total assets.
SIZE = Firm Size, represented by natural log of total assets.
BPS = Book Value per Share, represented by value of shareholder's fund divided by total number of ordinary shares.
$\alpha 0$= Intercept;
$\beta 1 – \beta 3$= Coefficient of the independent variables;
$\beta 4 – \beta 5$= Coefficient of control variables;
μit = error term of firm i for time period t;
it = firm i for time period t.
A priori expectations are ***β1, β2, β3, β4, …………… β5***.

Hypothetically, there are expectations of MGOWN, INSTOWN, OWNCON, SIZE, and GROWTH, to reveal no positive effect on BPS.

4. RESULTS AND DISCUSSION

Table 1 presents the descriptive statistics of all the variables. The INSTOWN, MGOWN and OWNCON which are the alternates of ownership structure, range between minimum of 5.6457, 8.3271, 8.4972 and maximum of 8.9591, 9.6272, and 9.4206 across the timeframe of the study.

Table 1. Summary of the Descriptive Statistics of the Variables

Variables	Observations	Means	Std. Dev.	Minimum	Maximum
BPS	380	0.8361	0.6179	1.5489	3.329
INSTOWN	380	9.2384	0.2635	8.6358	8.9591
MGROWN	380	8.3085	0.6765	5.6457	9.6272
OWNCON	380	9.0744	0.2632	8.3271	9.4206
GROWTH	380	7.8491	6.9067	8.4972	10.333
SIZE	380	10.0416	0.3221	8.807	10.8997

Source: Descriptive Statistic Results Using STATA version 12

Table 1 shows the mean BPS of the firms over the years that amounted to about N84 with a minimum value of N155 and a maximum value of N323 respectively. The standard deviation of about N62 indicates the broad discrepancy in terms of ownership of the financial firms over the years. The table indicates that the financial firms have a mean size of about N1000 across the years under study. This indicates that financial firms have adequate assets to create returns for the firms and the shareholders. The standard deviation of 32% shows that there is substantial disparity in the financial performance of the firms for the period under study. While some firms recorded good performance and constantly reported good results, others, however, performed poorly as they recorded losses in some years. Moreover, the table indicates that the firms have the benefit of a mean growth of about 6% over the period under study with a standard deviation of 8% showing the difference in the financial performance.

Table 2 shows the relationship between the dependent and independent variables. As shown from the table, the relationship coefficients are moderately good with the highest 0.5642, which is the relationship between firm size and financial performance.

Table 2. Summary of Correlation Matrix of the Variables

	BPS	MGOWN	INSTOWN	OWNCON	SIZE	GROWTH
BPS	1.0000					
MGOWN	0.0512	1.0000				
INSTOWN	0.0900	0.2037	1.0000			
OWNCON	0.0779	0.4119	0.6372	1.0000		
SIZE	0.5642	0.4267	0.4072	0.5381	1.0000	
GROWTH	0.3802	0.1815	0.3047	0.2762	0.4401	1.0000

Source: Correlation Matrix Results Using STATA version 12

Table 2 displays the correspondent values between the dependent and independent variables and also the correlation within the explanatory variables themselves. The values were obtained from the Pearson correlation. The Table shows that positive relationships exist between the dependent variables represented by the book value per Share (BPS) and the explanatory variables represented by managerial ownership (MGOWN), institutional ownership (INSTOWN), and Ownership Concentration (OWNCON). It is observed that there are also positive relationships within the explanatory variables themselves. Positive correlations were equally obtained between the control variables and the rest of variables of the study. This finding concurs with that of Anthony (2014) who in his study identified positive correlation between the managerial ownership and financial performance. However, Bacha and Attia (2016) who studies conglomerate firms recorded insignificant negative relationship between the managerial ownership and financial performance.

Table 3 presents the regression results. The coefficients for the explanatory variables (MGOWN, INSTOWN, OWNCO, SIZE, and GROWTH) which clarify the power ownership structure have on financial performance together with the probability values are given in the table. The table also gives the analysis on the relationships between the dependent and the independent variables. The correlations within the variables themselves are also presented in the table as well as the overall relationship of the entire variables.

Table 3. Summary of Regression Results

Variables	Coefficients	Standard Error	t-test	Significant values
Constant	-5.1688	2.5269	-2.05	0.043
MGOWN	0.0416	0.1512	0.21	0.472
INSTOWN	1.6491	0.6775	2.55	0.024
OWNCON	-1.2361	0.6216	-2.15	0.043
SIZE	0.1870	0.1896	0.99	0.326
GROWTH	0.0058	0.0044	1.31	0.191
R-Squared		0.4675		
Adjusted R-Squared		0.3653		
Durbin Watson		1.65		
F-Statistic		0.0000		

Source: *Output of data analysis by author using STATA 12*

The Overall cumulative R2 value of 0.4675 which is the multiple coefficient of determination shows the portion of the entire variation in the dependent variable described by the explanatory variables jointly. Hence, it signifies that 47% of the total disparity in Book value per Share of quoted financial firms in Nigeria attributable to institutional, managerial, and ownership concentration. Similarly, the regression results revealed that the Adjusted R2 is 0.3421. This means that ownership structure of the quoted financial firms contributes about 34% to firm's financial performance represented by BPS of the financial firms. This finding gives valid support of the argument that ownership structure can lead to competitive advantage for a firm.

5. DISCUSSION OF REGRESSION RESULTS

5.1 Managerial Ownership and Financial Performance:

Table 3 present the regression results which indicate that the managerial ownership has a coefficient value of 0.0416 with a p value of 0.746 which is not quite significant at 5%. This shows that managerial ownership although positive but does not significantly affect the book value per Share of the quoted financial firms in Nigeria. This indicates that out of every one naira proportional increase in managerial ownership of the financial firms, the BPS of the quoted financial firms in Nigeria will increase by 0.47 kobo. This finding is in agreement with the studies conducted of Benjamin, Love, and Dandago (2014).

5.2 Institutional Ownership and Financial Performance:

Table 3 represents the institutional ownership which has a beta value of 1.6491 with a p-value of 0.024 that is at 5% significant level. This shows that institutional ownership has significantly and positively affected the BPS of the quoted financial firms in Nigeria. This shows that for each one naira the BPS will proportionately increase by 1.65 naira increase in institutional ownership of the firms under study. This finding is supported by the findings of Reem, Allam, and Wajeeh (2015) and Andow and Bature (2016).

5.3 Ownership Concentration and Financial Performance

The ownership concentration as shown in table 3 has a coefficient value of -1.2361 with a p-value of 0.043 which is significant at 0.05 level of significant. This shows that institutional ownership has significant negative effect on the BPS of the quoted financial firms in Nigeria. This implies that for each one naira the BPS will proportionately increase by ownership concentration of the firms under study, the BPS will decrease by 1.34 naira. This finding is in line with the studies conducted by Reem, Allam, and Wajeeh (2015) and Elyasiani, Wen and Zhang (2017). The Hausman was conducted to give the result greater reliability and credibility and to decide between fixed and random effect. The results obtained from the Hausman test conducted show that fixed effect has superseded against random effect.

6. CONCLUSION AND RECOMMENDATIONS

Going by the empirical analysis, the researchers conclude that managerial and institutional shareholdings have more impact on financial performance than concentrated ownership in financial firms in Nigeria. This confirms to economic criteria, and is in line with the study conducted by Fich, Harford and Tran (2015). They affirm that an increase in both institutional and managerial ownership could result to an increase in the financial performance of a firm due to positive effects shown by his empirical analysis. It is thus concluded that, firm's financial performance is dependent upon its institutional and managerial ownership system high managerial share shareholding can motivate management of a firm towards better efficiency. Thus, ownership by managers may be seen as a structure of supporting the interests of managers and that of the shareholders relevant to the enhancement of corporate performance. However, this kind of managerial ownership can also result to establishment of a system, which is expensive especially when the managers chose to pursue their self interests against the interest of the firm. It has been disputed that the general effect of managerial ownership on firms' performance rely on how well the establishment effect and inducement alignment are balanced (Mokaya & Jagongo, 2015; Nashier & Gupta 2016).

The findings thus, advocate that when managers are doubled up as shareholders, they are encouraged to focus on realization of wealth creation motive for the shareholders of whom they are part of them. Conversely, managers who are not among the shareholders are more liable to engage in insider dealings as a way of promoting their personal benefit. Similarly, the institutional ownership which has also been determined in this study showing positive effect on firms' financial performance was as a result of the fact that institutional investors are more powerful than other shareholders due to their expertise concerning capital markets, industries, and businesses management. Additionally, institutional shareholders have greater capacities in taking actions and can thus oversee managers more effectively and less expensive.From the conclusion reached, the study therefore, recommends that, there is need to extensively increase both managerial and institutional shareholding of the quoted financial firms in Nigeria as not only way to increase the share of the firms but as a way of encouraging them in increasing their efficiency. The institutional owners should be allowed to deploy their expertise and wealth of experience to the firms in achieving corporate goals. The executive managers should also be protected by the Board of Directors from needless direct intervention by other shareholders in order to perform their tasks effectively.

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