

# EFFECT OF OWNERSHIP STRUCTURE ON FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS SECTOR FIRMS IN NIGERIA.

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## ABSTRACT

*The study investigated the effect of ownership structure on financial performance of listed consumer goods sector firms in Nigeria. Ex-post facto research design was adopted for the study, and secondary data was extracted from the published annual financial statements for a sample of 14 out of the 21 listed firms on the Nigerian Exchange Group (NGX) over the period of 2009 to 2021. The data was analyzed using descriptive statistics, Pearson correlation and the Hierarchical Multiple regression techniques. To ensure the validity and reliability of the data used, fixed and random effect models were utilized, and the fixed effect model was selected and used after conducting the Hausman specification test. The result revealed that there is a positive and insignificant impact of ownership structure on return on assets. The study therefore concluded that institutional share ownership has a positive significant relationship with financial performance, managerial share ownership has a positive insignificant with financial performance while ownership concentration has a negative insignificant relationship with financial performance of listed consumer goods firms in Nigeria. The study recommended that firms listed under the sector should imbibe the corporate governance long run strategies to increase the organizational growth.*

**KEYWORDS:** Ownership Structure, Financial Performance, Consumer goods Firms, Nigerian Exchange Group.

## INTRODUCTION

Financial performance is essential to any business organisation and to its survival. To achieve sustainable development and longer survival, companies need to earn adequate profits annually. Normally, a business's goal is to achieve higher returns from its investments and it can only attain such goals through effective decisions. The profit earned by the companies indicates their financial performance and the primary aim of an organization's operation is to generate profits for the benefit of the investors. These investors include financial institutions, managers,

families, international firms or block holders. Therefore, the combination of these owners in an organisation would have different effects on firm financial performance (Khamis, Hamdan & Elali, 2015).

The effect of ownership forms on firms' financial performance is an important discussed in the corporate finance literature. In certain aspect, the interests of management and shareholders do not match, which causing problems that reduce the value and financial performance of the company (Tatiana & Stela, 2013) as in Ironkwe & Emefe, 2020). Shareholders are always

considered business owners, and directors are agents or representatives of shareholders who are to use their business resources to increase their assets (Benjamin, Love & Kabiru, 2014). Beni & Alexander (1999) found that owner-managed companies are more efficient than non-owner-managed companies because owner-managers own shares in the company, whereas non-owner-owned companies are non-owners. It is perceived that managers have their personal benefits at the expense of other shareholders and the entire organization.

Over the last two decades, the liquidation of reputable companies such as Enron and WorldCom in the United States has significantly changed the concentration of ownership in relation to the mechanism of ownership structure. This trend has been repeated around the world, including the collapse of Parmalat in Europe, Aoyama in Asia, Cadbury Nig., Sky Bank both in Nigeria, in Kenya, the likes of Utsumi Imperial Bank and Chase Bank (Ongore & K'Obonyo, 2011). The corporate high failures gave the spotlight on the importance of various concentration of ownership that affects the profitability of a business.

Jiang (2015) posited that ownership Concentration is a key component of in the current corporate governance structure. In order to promote the growth of the business, the owner of the business (in principle) must transfer the operating rights of the business to a qualified agent to operate the business and retain control. Conflicts of interest between the owner and the manager bring about a selfish attitude of the manager of short-term profits that affects the well-being of the principal by extending the compulsory contract. Affan, Rossidiand and Purwanti (2017), ownership structure is determined by voting, capital, and distribution of shares regarding shareholder identities. In this way, the ownership structure of a

company is a major factor in its financial performance.

Similarly, the study of Nganga (2017) believed that directors and management are working to integrate welfare outcomes into a structural-performance framework aimed at increasing business efficiency and reduce agency competition and maximize company wealth creation. Therefore, the firm's manager needs to take responsibility to ensure that the company's resources are optimized to generate reasonable profits.

This study therefore examines the effect of ownership structure on financial performance of the listed consumer goods firms in Nigeria from the period of 2009-2021, ownership structure proxied by Institutional ownership, Managerial ownership and Ownership Concentration while financial performance was expressed using the (return on asset). Therefore, this study aims to fill the gap by attempting to find out an answer to the following question. Does ownership structure affect the financial performance of listed consumer goods firms in Nigeria?

### **Objectives of the Study**

The main objective of this study is to examine the link between ownership structure and firm performance of listed consumer goods firms in Nigeria.

The specific objectives of the study are to: To examine the effect of managerial ownership structure on the Return on Assets of listed consumer goods firms in Nigeria.

1. determine the effect of institutional ownership structure on the Return on Assets of listed consumer goods firms in Nigeria.
11. assess the effect of managerial ownership structure on the Return on Assets of listed

consumer goods firms in Nigeria.

111. examine the effect of ownership concentration structure on the Return on Assets of listed consumer goods firms in Nigeria.

### Research Hypotheses

The research hypotheses were stated in the null hypotheses;

**H<sub>01</sub>:** - There is no significant effect of institutional ownership on the Return on Assets of listed

consumer goods firms in Nigeria.

**H<sub>02</sub>:** - Managerial ownership has no significant effects on the Return on Assets of listed

consumer goods firms in Nigeria.

**H<sub>03</sub>:** - Ownership concentration has no significant effect on the Return on Assets of listed

consumer goods firms in Nigeria.

## LITERATURE REVIEW

### Concept of Ownership Structure

There is no universally accepted definition of ownership structure among academics, practitioners and managers. However, each view it from different perspectives based on their perception. This might be because of the ownership structure's nature and its components that vary among business organizations. An earlier definition given by Jensen and Meckling (1976) classified ownership structure in terms of capital contributions that comprise of inside investors (managers) and outside investors (debt holder and equity holder). Chaganti and Damanpour (as cited in Puong, 2015) claimed that there are two ways of classifying ownership.

The first distinguishes between those who directly affect firm decisions and activities; a situation that is called 'involvement' and those who do not which is called 'detachment'. The second way distinguishes firms that have stocks

concentrated with some shareholders, which is called 'concentration', and firms whose stocks are dispersed to many shareholders, called 'dispersion'. The crossing of these two classifications creates four kinds of ownership: concentrated-involved, concentrated-detached, dispersed-involved and dispersed-detached. A point worth noting is that shareholders whose ownership are more involved and concentrated have a strong influence on firm performance.

In the words of Fazlzadeh et al. (2011), ownership structure has two implications: the identity of owners and ownership concentration, that is, the distribution of shares owned by controlling shareholders. Similarly, Chen (2012) sees the term 'ownership structure' in two widely applied dimensions: ownership concentration and owner identity. He stresses that the divergence of voting rights and capital rights allows shareholders to gain control with little equity involvement through mechanisms such as dual-class equity, pyramiding, etc. Thus, divergence should be taken into consideration when analyzing the effect of ownership structure on firm performance. Abdulsamad and Yusoff (2016) are of the view that ownership structure refers to the number of shares that are held by insiders (management) and outsiders (investors who have no direct relationship with the firm management). Finally, Otieno (2017) defines ownership structure as the distribution of equity with regards to votes and share capital and by the identity of the equity owners. Therefore, ownership structure in this study includes managerial, institutional, and concentrated ownership.

#### i. Managerial Ownership

Managerial ownership refers to an ownership fraction or stake in a firm that is held by managers. Managerial ownership is not only meant to increase

the equity of the organization but also to serve as incentives to managers to align managers' interests with those of the interests of the organization. Managerial ownership is measured by natural logarithm of equity held by managers as shareholders in a firm.

### ii. Institutional Ownership

Institutional ownership refers to an ownership fraction or stake in a firm that is held by large financial organizations, pension funds or endowments. Institutions generally purchase large blocks of a firm's outstanding shares and can exert considerable influence upon its management. Therefore, institutional shareholders are usually professionals and they normally use their expertise in monitoring the management in ensuring that their interests align with those of the organization's interests. Institutional ownership is measured by natural logarithm of equity held by various institutions as investors in the firm.

### iii. Ownership Concentration

Ownership concentration refers to an ownership fraction or stake in a firm that is held by shareholders with the controlling interest or with large stake. Ownership concentration affords the shareholders the motivation and ability to monitor and control management decisions. Therefore, concentrated shareholders use their large stake in reducing conflicts between managers and the organization by being more proactive in monitoring and protecting their investments. Ownership concentration is measured by natural logarithm of equity held by block holders as investors in the firm.

### Financial Performance

There is no universal definition of financial capacity. The financial position of a company is used to represent the state of the company. When analyzing a company's financial performance, the

emphasis should be on creating a good description of the company's financial performance concept and revealing various aspects of assessing the company's financial performance. Scholars have several dispositions on financial measurement; see Demstz and Lehn (2001) measured a company's financial performance as an accounting rate of return. Kechi (2011) measured a company's financial performance in terms of return on assets (ROA) and net profit margin (NPM). Similarly, Fazlzadeh, et al. (2011) asserted that measurement of a company's financial performance as net income related to total assets and ordinary income related to total assets. Uwaloma and Olamide (2012) measured a company's financial performance in terms of return on assets (ROA). Okewale, Mustapha and Aina (2020) measured financial performance as return on equity, which was measured by the ratio of after-tax profit to total capital to carrying amount. Although, this study posited that financial performance relates to return on asset.

### Theoretical Framework

The study hinges on agency theory. This study examined the conflicts between agency theory, and how such conflicts affect a company's financial performance. The agency theory was developed by Jensen and Meckling (1976) and is based on the assumption that the role of an organization is to maximize the wealth of shareholders (Blair, 1995). In addition, agency theory explains the fundamental problem for absent or distant owners who hire professional executives to act on their behalf. Eisenhardt (1989) states that "most companies operate in incomplete and uncertain situations and are exposed to two behavioral issues: negative selection and moral risk. Moral hazard is a state in which the agent is uncertain that he or she has made the utmost effort, while adverse selection is the owner of whether the agent correctly portrays the

ability of the agent to perform the paid work.

According to Wheelen and Hunger (2002), the agent (expert) does not own a substantial stake in the company and therefore cannot benefit from pursuing the goal of maximizing wealth. The problem arises because the expert is not responsible for the decision. Therefore, this study focuses on the relationships between shareholders and their professional representatives in various ownership structures and how they affect the financial performance of listed companies in Nigeria.

### **Empirical Review**

Gabriel and Osazuwa (2020) investigated the impact of concentration of ownership structure on the financial performance of Nigerian manufacturing firms from 2009 to 2019. The data were gathered and regressed using the co-integration test and GMM system. From the analysis output, the results revealed that government owned concentration, block ownership concentration, and institutional ownership concentration all have a significant impact (direct and vice versa) on the performance indicators (ROA, TOBIN Q) used in the study. Based on this, the study suggested that policy makers and governments to make balanced investments in all categories of investors, and it is advisable to create favorable policies to ensure growth among the few owners who are attracting skills and abilities and improving performance. The government also needs to maintain stakes in foreign and local businesses to increase shareholder trust.

Alhassan and Mamuda (2020) explored the effect of ownership structure on the financial performance of quoted financial firms in Nigeria for the periods of 2010 to 2019. The study selected data from thirty-eight financial firms listed in Nigeria. The data were regressed using the pooled

General Least Square, Random and Fixed Effects regression model in testing the hypotheses of the study. From the analytical output, the study found that ownership structure has positive significant effect on financial performance of the quoted financial firms except ownership concentration having negative effect on financial performance. The study suggested that a financial firm needs to expand their managerial equity ownership.

Okewale, Mustapha and Aina (2020) examined the ownership structure and its financial performance of 18 food and beverage companies listed on the Nigerian Stock Exchange (NSE) between 2010 and 2018. The study uses secondary data and was obtained from the company's annual reports and financial statements. The data collected was analyzed using pooled regression, fixed-effects regression, and random effects. The results showed that management ownership had an insignificant (positive) impact on return on equity ( $t = 1.63$ ;  $P = 0.329$ ;  $P > 0.05$ ). Employee ownership had a significant positive effect on return on equity.

Ironkwe and Emefe (2019) explored corporate ownership structure and financial performance for the period of 2008-2017. The study data were analyzed using the ordinary least square regression which found that there is positive and significant relationship between ownership concentration and return on equity. They suggested that shareholders and management need to enhance their strategic planning decision making process.

Lawal et al. (2018) investigated the impact of ownership structure on the performance of 28 listed insurance companies in Nigeria. Data were collected from the annual reports of 28 insurance companies listed on the

Nigerian Stock Exchange between 2011 and 2016. ExpostFacto was used in a study to assess the impact of ownership structure on the performance of Nigerian listed insurance companies. In addition to descriptive statistics and correlation, a multiple regression method based on the panel data method was used for model estimation. The data were run on a pooled regression model of common least squares, fixed effects, and random effects to test the research hypothesis. The ownership structure, represented by managerial ownership, institutional ownership, and ownership concentration, has been adopted as an independent variable. The book value per share is listed as a dependent variable. The study found that the ownership structure has a significant positive impact on the performance of listed insurance companies. However, concentration of ownership has a negative impact.

Ahmed and Hadi (2017) investigated the impact of ownership structure on the financial performance of companies in the MENA region. The sample includes nine MENA countries in 2014 (Egypt, Bahrain, Qatar, Kuwait, Tunisia, United Arab Emirates, Morocco, Oman and Jordan). Outcomes are represented by insider ownership, government, and block owners. Manage survey risk, size, country impact, and industry type. This result suggests that block holder, insider ownership, and government ownership play important roles in business performance as measured by TobinQ, ROE, and ROA, respectively. This result suggests that insider ownership has a negative impact on a company's return on equity, and block owner ownership has a positive impact on a company's TobinQ.

Rathnayake and Sun (2017) who studied additional five Asian countries apart from China and they are India, Singapore, Malaysia, Pakistan, and Sri Lanka. A large number of firms from these

countries were used as a sample of the study which amounted to 3811 firms but for only one-year period i.e., 2016. Mixed results were obtained from the large data after administering an OLS regression model to analyse it but specifically, ownership concentration that was given in various percentages revealed acceptable positions. Ownership concentration set at 150% and above indicated a positive significant relationship while ownership concentration below 100% showed a negative insignificant relationship with financial performance (return on assets and return on equity).

Balabogie and Velnampy (2017) investigated the relationship between ownership structure and financial performance of listed beverage food and tobacco companies. They considered 10 firms for the period 2010 to 2015 using multiple regression analysis. Ownership concentration, owner identity and foreign ownership were used as independent variables and the result revealed a negative insignificant impact of ownership structure on return on equity. Thus, ownership concentration has nothing to do with the Sri Lankan firms in terms of large shareholdings, although the study used a small sample which may not actually represent the real population of firms in the country.

Ilmas et al. (2017) examined the impact of ownership structure and debt structure as determinants of discretionary accruals: an empirical study of Pakistan. The purpose of the study was to investigate the association among block holders, ownership structure and debt structure on earnings management. Multiple regression was adopted for the analysis and cash flow statement approach for measuring the discretionary accruals (DAC). They selected 100 firms as a sample of the study for 2008 to 2014 and the results revealed a negative significant relationship between ownership

concentration and DAC and managerial ownership had a positive insignificant relationship. Institutional ownership was seen in two dimensions: financial and non-financial and both showed a positive insignificant impact on DAC. This implies that managers have limited power to manipulate the earnings of the firm for their personal interests.

Mutende et al. (2017) examined the moderating role of firm characteristics on the relationship between free cash flow and financial performance of listed firms. The study was a cross sectional descriptive survey approach using secondary data and regression analysis conducted on the panel data collected. The philosophy adopted was a positivist approach for the period 2006-2015. Financial performance in the study was proxied by Tobin's Q and free cash flow served as the independent variable while the firm size and firm age moderated the relationship. The findings indicated that firm age negatively and significantly affected the relationship while firm size has a positive significant effect on the relationship. This implies that Nairobi securities exchange-listed firms have effective control mechanisms, which have allowed managers to make good decisions geared towards maximizing shareholder's wealth.

Obembe et al. (2016) examined these issues in the context of a developing country using generalized method of moment (GMM) estimation on 63 non-financial firms quoted on the Nigerian Stock Exchange between 1998 and 2010. They found that managerial ownership did not have any significant impact on the performance of firms in both the linear and nonlinear specifications. Factors impacting on firm performance include the first lag of performance which is return on assets (ROAs) and index of monopoly power. These two factors had a positive and significant impact on return

on assets. Therefore, they concluded that managerial ownership may be a weak mechanism for mitigating agency problems among firms listed on the Nigerian Stock Exchange.

Boerkamp (2016) investigated the influence of ownership concentration and ownership identity on firm performance discovered a positive position. Specifically, ownership concentration and institutional share ownership show a positive significant relationship and managerial share ownership has negative insignificant relationship. The results imply that managers holding shares in Netherlands firms may not affect how improvements in performance trends occur.

## **METHODOLOGY**

### **Research Design**

The study adopts ex-post factor research design to examine the effect of ownership structure on financial performance of listed consumer goods firms in Nigeria. The study adopts the secondary source of data which the researcher has no control or could manipulate based on the fact that the event had already occurred. The population of this study is the listed consumer goods firms on the Nigerian Exchange Group (NGX) as at 31st December, 2021. As at the time of this study, there are twenty-one (21) listed consumer goods firms in Nigeria. The study sample of fifteen (14) Cadbury Nigeria Plc, Champion Breweries Nigeria Plc, Dangote Sugar Plc, Flour Mills of Nigeria Plc, Guinness Nigeria Plc, Honnywell Flour Mill Plc, International Breweries Plc, Northern Nigeria Flour Mills Plc, Nascon Allied Industries Plc, Nestle Nigeria Plc, Nigerian Breweries Plc, Nigerian Enamelware Plc, PZ Cusson's Nigeria Plc, Unilever Nigeria Plc consumer goods firms were purposively selected due to access to their published financial statement for the

period of 2009-2020. Multiple regression technique is used to analyze the panel data gathered for ownership structure and financial performance of listed consumer goods firms in Nigeria by means of STATA 15.

**Model Specification**

In order to test for the correlation between ownership structure and firm Performance of listed firms in Nigeria, the following multiple regression model was adopted see (Gabriel & Osazuwa, 2020): The model incorporating the dependent variable, financial performance was measured as (ROA) and the independent variable (Ownership structure) decomposing into institutional ownership, managerial ownership and ownership concentration;

$$Y_{it} = BO + Bx1 + Bx2 + \mu1 \tag{1}$$

$$ROA = f (IO, MO, OC, FSZE, FAGE) \tag{2}$$

The econometric form of the models is stated below as:

$$ROA_{it} = B_0 + B_1IO_{it} + B_2MO_{it} + B_3OC_{it} + B_4FSZE_{it} + B_5FAGE_{it} + E_{it}..... \tag{3}$$

Where;

ROA<sub>it</sub> = Return on Assets of firm i in year t

B<sub>1</sub>-B<sub>5</sub> = coefficient of firm i in year t

IO<sub>it</sub> = Institutional Ownership of firm i in year t

MO<sub>it</sub> = Managerial Share Ownership of firm i in year t

OC<sub>it</sub> = Ownership Concentration of firm i in year t

FSIZE<sub>it</sub> = Firm Size of firm i in year t

FAGE<sub>it</sub> = Firm Age of firm i in year t

ε<sub>it</sub> = error term of firm i in year t

Size and age of firm was introduced as a control variable to avoid arriving at an invalid result because it is a major determinant of the profit of such firm.

**RESULTS AND DISCUSSION OF FINDINGS**

**Table 1: Descriptive Statistics**

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	182	0.1114	0.1415	-0.3502	0.5183
IO	182	0.5610	0.1935	0.0000	0.8729
MO	182	0.0214	0.0374	0.0000	0.1691
OC	182	0.7809	0.1827	0.0000	0.9876
Fsize	182	10.5265	0.6763	8.3832	11.6478
Fage	182	36.1429	11.6748	1.0000	57.0000

Source: Author's Computation, using Stata15

Table 1 shows a mean value of 0.111, a standard deviation of 0.141, minimum of -0.113 and a maximum of 0.492 for return on assets. The positive mean coefficient indicates that listed consumer goods firms in Nigeria earn on average 11% return per one Naira invested in assets. This is higher than the average mean of 0.045 reported by

Owiredu et al. (2014), 0.05 reported by Al-Mutende et al. (2017) and 0.098 reported by Obembe et al. (2016). On the opposite, the result is lower than 0.445 provided by Gugong et al. (2014).

The reported mean of institutional ownership is 0.561, a standard deviation of



0.193, minimum of 0.000 and a maximum of 0.873 for the study period which indicates that on average, 56% of shares in the Nigerian consumer goods sector are held by institutions such as banks, pension funds and other firms. This is closely related to the average mean of 61% reported by Hassani and Torabi (2014) for listed Tehran firms. Conversely, it is relatively higher than the average mean of 19% for Nairobi firms reported by Mutende et al. (2017).

On the other hand, managers in the consumer goods sector held on average only 2% of shares within the period of the study and a standard deviation value of 4% approximately. The minimum share held by directors in the sector is below zero and 17% of the shares constitute the maximum percentage. The average value of shares held by the largest shareholders is 78% and a standard deviation of 0.183, the minimum is zero while 98% stood as the maximum shares held. The overall description of

holding shares in the consumer goods sector indicates that most of the firms' shares are owned by shareholders with more than 5%. Interest. This is followed by the institutional shareholders and then lastly by the managerial ownership.

With regard to the control variables, the results of firm size (FSIZE) indicate the mean, standard deviation, minimum and maximum score of 10.53, 0.6763, 8.383, and 11.648 respectively. However, the result from the Table describes that the average AGE for consumer goods companies in Nigeria is 36 years, with a minimum of 1 year and a maximum of 57 years. This indicates that on average companies in Nigeria consumer goods sector have 36 years after listing. However, the minimum value indicates that some firms were listed at the beginning of 2009. Likewise, the maximum value indicates that some companies were listed on the Nigerian Stock Exchange 57 years ago.

**Table 2: Correlation Matrix of the Variables**

VAR	ROA	IO	MO	OC	Fsize	Fage	VIF
ROA	1.0000						
IO	0.2479	1.0000					1.17
MO	0.0582	-0.0549	1.0000				1.36
OC	-0.0458	0.1185	0.1295	1.0000			1.06
Fsize	0.1336	0.2355	-0.3960	0.0069	1.0000		1.29
Fage	-0.2755	-0.0147	-0.2551	-0.0681	0.1258	1.0000	1.10

Source: Author's Computation, using Stata15

Table 2 shows that all the variables have a negative correlation with return on assets except ownership concentration which have a positive correlation. The correlation matrix indicates a moderate relationship between the variables. According to Hair et al. (2021), the correlation coefficient of less than 0.7 could not pose severe Multicollinearity problems. This is further confirmed by the variance inflation factor (VIF) results. Multicollinearity is said to exist if the VIF value is higher than the

threshold of 10 as suggested by Hair et al. (2021). In this model, the VIF shows that the values are all within the acceptable threshold in the direct relationship.

The table further revealed a negative correlation in fifteen intersects between other variables and thirteen positive correlations and all of the values are not beyond the threshold as suggested by Hair et al. (2021), that the correlation coefficient of less than 0.7 could not pose severe Multicollinearity problems.

**Table 3**

**Fixed Effect model results**

ROA	Coef.	Std. Error	t	P> t
Constant	-0.0671	0.1942	-0.35	0.730
<b>IO</b>	0.1427	0.0661	2.13	0.033
<b>MO</b>	0.2368	0.2523	0.94	0.348
OC	-0.0780	0.0440	-1.77	0.076
Fsize	0.0277	0.0173	1.60	0.110
Fage	-0.0031	0.0006	-5.03	0.000
R- squared	0.1929			
Wald chi2 (7)	85.58			
Prob> chi2	0.0000			

Source: Author's Computation, using Statal5

Table 3 shows the results of the relationship between ownership structure and financial performance with return on assets (ROA) as a proxy and it shows an R-square of 0.1929, Wald Chi2 of 85.58 and P>chi2 is 0.0000, indicating that the overall model is fit in explaining the level of variability between the dependent and explanatory variables. Hence, the model signifies that approximately 19% of the total variation in return on assets is explained by the joint effect of independent variables (institutional share ownership, managerial share ownership, ownership concentration) and the control variables (firm size and firm age). The remaining 81% is captured by the residuals as a result of non-inclusion of other variables representing ownership structure. The R-square as displayed in the Table is higher than the R2 of 0.158 reported by Ahmed and Hadi (2017) from Nigeria, 0.1361 reported by Boerkamp (2016) using German listed firms.

From the table, institutional share ownership has a positive significant relationship with return on assets having a coefficient of 0.1427, t-statistics of 2.13 and a P-value of 0.033 implying that an increase in

institutional share ownership will increase the financial performance of the consumer goods sector. Thus, the research rejects the null hypothesis one (Ho1) and concluded that ownership of shares by institutions in the consumer goods sector has a significant impact and enhances financial performance (proxied by return on assets). This finding is in line with the findings of Alhassan and Mamuda (2020), Lawal et al. (2018) Ilmas and Tahir (2017).

However, managerial share ownership has a positive insignificant impact on return on assets with a coefficient of 0.2368, t-statistics of 0.94 and P-value of 0.348 implying that an increase in managerial share ownership has no influence on the increase in performance of the consumer goods sector. Thus, the research failed to reject the null hypothesis one (Ho2) and concluded that ownership of shares by managers in the consumer goods sector has no significant effect on financial performance (proxied by return on assets). The result supports the findings of Alhassan and Mamuda (2020) and Lawal et al. (2018) and goes against the findings of Obembe et al. (2016), and Boerkamp (2016).

The table also shows that ownership concentration has a negative insignificant relationship with return on assets at coefficient of -0.0780, t-statistics of -1.77 and P-value of 0.076 at 5% level of significance implying that a decrease in ownership concentration will also increase the level of financial performance of the consumer goods sector even though it is not important. Thus, the research failed to reject the null hypothesis one ( $H_{03}$ ) and concluded that ownership of shares by holders of 5% interest and above in the consumer goods sector has no significant effect on financial performance (proxied by return on assets). This commensurate with the findings of Rathnayake and Sun (2017), and Balagobei and Velnampy (2017) but is disproportionate with the findings of Boerkamp (2016). As for the control variable FAGE have significant relationship with return on assets while FSIZE have insignificant relationship with return on assets implying that the variables are important determinants of financial performance of the consumer goods sector.

## CONCLUSION AND RECOMMENDATION

The study investigated the ownership structure on financial performance of listed consumer goods firms in Nigeria for the period of 2009-2021. The data were gathered from the published financial statement of the firms and analyzed through the descriptive statistics, correlation analysis and the coefficient determination revealed that ownership structure has robust relationship with financial performance. The study concluded that directors and block holders of shares exercise more power on important policies over the institutional investors and those policies improves the return on assets of the Nigeria consumer goods sector. The study recommended that firms in the consumer goods sector should imbibe the corporate governance long run

strategies to increase the organizational growth

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