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IMPACT OF OWNERSHIP CONCENTRATION AND OWNERSHIP IDENTITY ON FIRM PERFORMANCE (EVIDENCE FROM PAKISTAN)

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DECLARATION

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Abstract

This study investigates the concentrated ownership impact on performance of firm with the sample of 60 listed non-financial companies of various sector of economy from Pakistan. The data is gathered from 2008 to 2013. This study also determines the ownership identity effect on firm performance. To conduct this research and to analyze the variables impact I used the common effect model. To measure the firm performance I take the indicators of Tobin's Q, return on asset (ROA), and return on capital employed (ROCE). Firm performance is taken as dependent variables. While independent variables are includes concentrated ownership and different ownership type such as associated parties ownership, institutional ownership, foreign ownership, managerial ownership and individual ownership. Control variables included in this study are corporate governance index, firm size log and investment opportunity which is measured by market to book ratio. This study concluded that concentrated ownership is positively influenced by on ROCE, ROA and Tobin's Q while corporate governance index is insignificant for Tobin's Q so this is evidence of agency perspective confirmation that shareholder control and power to support shareholder and manager interest increased by higher concentration which leads to higher firm performance.

The statistics have showed that associated ownership is significant and direct effect on performance of the firm. It is also concluded from the study that foreign ownership has insignificant and positive influenced by performance of the firm. The result also showed that individual ownership has significant and negative relation with firm performance. This study suggests that larger sizes of firm with more concentrated ownership structures are due to poor legal protection of investors in country like Pakistan. The ownership concentration is used as a way to implement good corporate governance practices in Pakistan economy.

Chap 01: Introduction

In developing economies like India and Pakistan, ownership concentration getting greater attention by researchers as they assessing the performance of the firm in this environment. The research on concentrated ownership start from principal-agent relationship which was first gave the idea by Adam Smith (1776) and further examined by Means and Berle (1932), Meckling and Jensen (1976). Then Jensen and Fama (1983, 1985) studied the potential problems and advantages which the different ownership structure may raise to the firm performance. The main problem is the majority shareholders expropriation risk at minority shareholder expense. The problem exist in these market exist by controlling through cross shareholding, interlock directorship, voting packs by which owners can maintain control, complex pyramid structure and voting shares of dual class. By these difficult ownership structures controlling shareholders without accepting decision cost could make decision. The research showed that if the family member is on executive position in firm leads to reduced firm value.

The relationship of structure of the ownership and corporate governance practices has been big talking point in the literature of corporate governance. To reduce agency cost, ownership structure could be employed as incentive mechanism. These measurements are used to taken care of property right and legal right of the firm. Means and Berle (1932) said that diffused ownership firms likely to underperform. As the development of corporate governance, increasing number of corporations has disperse ownership and run by professional managers.

Concentrated ownership firms to be found around the world (see, Vishny and shelfer, 1986; La Porta et al., 1999; Reeb and anderson, 2003), so that's why concern about ownership concentration and their effect on firm performance is increasing.

Family ownership firm can outperform non-family firms due to two reasons: 1) Management of family firms may make superior investment decision because family managers have more specific firm knowledge and have ideas of long-term investment. 2) Management of family firm can decrease the principal-agent problem, because by this it helps to align the expectation of shareholders with the incentives of management (jensen and meckling, 1976). Insider's ownership is not free of cost. Several studies have focused towards internal conflicts that shareholders may experience in a firm. La Porta et al. (2000) found evidence of minority shareholders expropriation. Expropriation can be in different forms such as entire theft, sale of assets at unfair prices to related parties, giving lucrative positions to incompetent relatives or rewarding executives excessively.

According to Love and Kalaper (2002) large shareholders keep significant shareholding which creates concentrated ownership due to weak legal environment. They said that if insider ownership aligned their interest similar to shareholders' then firm value and performance enhanced. Due to weak legal environment and underdeveloped financial markets, family ownership is central in these markets.

There is increased attention of ownership identity in literature of corporate governance. The identity could be individual, foreign ownership, institutional ownership or family ownership. In developing countries such as Pakistan large shareholding ownership structure exists.

Due to well-constructed arguments, the question of whether ownership concentration destroys or creates value is an empirical question. The research objective is to investigate impact of concentrated shareholding on the firms performance listed on Karachi stock exchange (KSE 100).

1.1 Pakistan Scenario:

In Pakistan, ownership structure is largely concentrated. Mostly companies have family ownership that also have manage affiliates firms or by single owner. The cross-shareholding and pyramid ownership allowed company shareholder to perform controlling or voting right, similarly through interlock directorship enable them to enjoy rights while owning small portion.

Corporate governance code is issued by SECP to develop regulatory mechanism. All Pakistan listed firms are confined to follow corporate governance application. In Pakistan minority shareholder right are not well secure. According to Pakistan companies ordinance, if wrongdoing occurs then larger shareholder that have 20% shareholding can go to court for help. While 10% shareholding owner could complain to SECP. In corporate governance code minority shareholders less protected and has less legal protection rights.

2. Literature Review:

Shah and Hussian(2012) examined the relationship of concentrated ownership with performance of firm on 61 KSE listed non-financial firms. They have taken Tobin's Q as firm performance proxy. They used asset turnover ratio and leverage as controlled variable. They used panel data techniques to analyze the relationship among variables. The result showed the negative and significant relationship among performance of firm and managerial ownership. While there is insignificant relationship of concentrated ownership with firm performance. There is insignificant relationship among asset turnover ratio and firm performance while firm performance and leverage relationship is negative. Study also concluded that firm performance depend on ownership of manages. They also conclude that rise in ownership of manager creates increased agency problems which impact on performance of firm.

Alsinawi and Daragma (2010) have analyzed the managerial and board ownership as well as capital structuring effect on firm profitability. They have taken sample of 28 Palestine companies and found that there has positive effect on managerial ownership on firm performance. They also found that chairman-CEO duality effect on performance of the firm. They also showed that there is no significant influence of debt financing on firm profitability.

Hassan and Butt (2009) have examined the relationship between corporate governance, ownership structure and capital structure of KSE non-financial listed companies. They have taken the sample of 58 non-financial companies from 2005 to 2008. They use fixed effect model to measure the corporate governance include CEO-chairman duality, managerial shareholding, profitability board size, institutional shareholding, firm size and board composition. They also analyzed the controlled variable such as firm size and return on asset impact on financing

mechanism. They used panel data to analyze the capital structure dependence on corporate governance. They concluded the negative relation among management ownership and debt to equity ratio. There is no effect on corporate financing by managerial ownership. They also conclude that governance variable like firm size, ownership structure and managerial ownership have significant role in firm financial mix determination.

Abdul Samad and Ibrahim (2001) analyzed the correlation among governance mechanism and family based ownership in Malaysia. They conclude that family ownership creates greater value based on ROE. While on ROA and Tobin's Q firm value is reduced in family ownership. They also conclude that governance mechanism like independent directors, duality and size of board has positive impact on firm performance.

Franks (2012) proposed due to various institutional and legal setting family control are more effective across Europe. He suggested that family ownership, insider ownership is continual arrangement in Continental Europe.

Moldenhauer and Kaserer (2008) have examined the insider ownership impact on performance of firm. They have taken sample of 684 German corporations for years 1998 to 2003. They conclude that corporate performance which is measured by performance of stock prices, MV to BV ratio and ROA have positive and significant impact on inside ownership. They also conclude that more insider ownership concentration is positive influenced by performance of firm. They conclude that to analyze future creation of value ownership concentration would be significant variable.

Burkart (2003) argued about concentrated ownership may work as a proxy for weak protection of investor. In those nations which considered by little investor security and compared to stock market gave importance to the banks.

Dickinson and Chen (2013) analyzed the shareholding structure impact on performance of firm on Chinese companies. They took sample of 714 listed companies for ten years. They used return on equity and return on asset as measurement of corporate performance. Top 5 shareholders holding, herfindhal index and Top 10 shareholders shareholding variables are used for concentrated ownership. Legal person shareholding (LP), management shareholding (INSIDER), state shareholding (STATE), financial institution shareholding (FINANCE) are variables for shareholder structure. Firm size is taken as the controlled variable. By panel data regression they found the shareholding concentration positive impact. Larger 5 shareholding showed adverse impact while positive effect showed by top 10 shareholding. This study conclude that insider control can increase due to diversified top shareholders as manager could play the top shareholders against one another. They also showed concentrated ownership, LP and state shares have negative relation on performance of firm.

Anderson et al. (2003) suggest that family ownership may reduce the debt financing cost. He concluded that family owned firms placed rewarding structures which lead to lesser agency conflicts between debt and equity claimants.

Mehboubi and Hendi (2011) have studied the ownership structure impact on performance of the firm in Tehran stock exchange listed firms. They take sample of 137 firms from the year of

2001-2006. Ownership concentration and institutional ownership concentration are the variables they used as the proxy of ownership concentration. While income to asset ratio variable used as firm performance proxy. Liquidity, leverage, firm size and business cycle are used as the factor for explanation of firm performance variation. The result showed no substantial impact of concentrated ownership on firm performance. While ownership of institution has positive effect on performance of firm.

Vaninsky and lauterbach (1999) studied the ownership structure impact on performance of firm of Israel. They differentiate firms on the criteria of partnership controlled firms, block-holder right firms and family firms. They took sample of 284 Tel-Aviv stock exchange listed firms and data envelopment techniques have used. They gathered data of top management remuneration equity, total asset, net income and ownership structure for the year of 1994. They take the majority owned firms and among them 51% firms controlled by families and 49% are the individual partnership firms. The result showed that family firms in which owners are also managers were lesser efficient on performance than firms managed by professionals. They concluded that firms with disperse ownership and professionally managed firms increase firm performance.

Andre and Yen examined the governance mechanism ownership structure and legal system impact on acquiring firms operating performance. They gathered the data of emerging market index acquired firms. Due to regulatory and accounting requirement they exempt the financial companies, investment companies and government. Operating cash flow return and EBITDA are used as dependent variable. While legal variables, ownership variables and governance variables

used as independent variables. They analyzed their study by conducting the regression analysis and concluded that high shareholding controlled acquiring firm enhanced the operating performance after acquisition.

Karchmaier and Grant (2004) analyzed the corporate ownership structure impact on firm performance. They take sample of firms from all over Europe countries include Germany, France, Spain, UK and Italy. They took data from 1992-2002 of the firms of major five European countries. To determine firms share price trends and to isolate cyclic fluctuations they used Hodrick-Prescott methodology. They measured firm performance by proxy of share price data. They concluded that across Europe ownership structure varied and have positive impact on performance of firms. They also concluded that dominant shareholder reduce firm value.

Reeb and Anderson (2003) argued that if observing requires firm's technology knowledge, family ownership offered superior checking. Authors concluded that US family firms have greater firm value and performance than others firms. Regardless of agency conflict between different types of investors, the encouraging effects family firm value is likely to offset that effect because big investors could use their situation to collaborate with managers of the firm for own profits which may harm minority shareholders.

Lazaretou and Kapopoulus (2006) have examined the corporate ownership structure impact on performance of firm. They took sample of 173 companies from all Greek sectors for the year 2000. Shares fraction (owning minimum 5%) and management owned share fraction (top management, CEO, Board members) used as the measurement for ownership. Accounting profit

and Tobin's Q are used to firm performance measurement. They have conducted econometrics model and regression analysis for the study. They concluded that ownership concentration positively impacted on firm performance. They also concluded that dispersed ownership reduce firm profitability.

Barontini and Caprio (2006) highlight performance rely on family management. He also argued founders CEO generate firm worth but on the other hand CEO descendants ruin firm. Barontini and Caprio studied the relationship between family control and ownership structure. Data is gathered from 675 publicly traded companies from 11 different countries from Continental Europe over the years 1999, 2000 and 2001. Their evidence indicate a positive impact of market valuation, family control and operating performance

Ibrahim and Sharrif examined the ownership concentration impact on firm performance. They studied 2608 listed non-financial companies from 1990 to 2001. Return on equity, market to book ratio, economic value added, Tobin's Q, return on asset and market value added variables used as dependent variables. While ownership type, concentrated ownership and board size have used as independent variable. They took %change in income and total sales as controlled variable. The result showed that large shareholders keep control of the firms. They analyzed the top ten concentrated ownership role in KLSE listed non-financial firms. Their study concluded that individuals, government and corporations owned equity positively impacted companies financial structure. They also concluded that suitable management, support of directors and stakeholder's information greatly affect the performance of firm.

R. Iqbal and A. Javed (2008) studied the concentrated ownership determinants and their impact on performance of firms in Pakistan. They took the sample of 50 manufacturing sectors firms in Pakistan. They gathered data from 2003 to 2008. They used ownership concentration and and managerial ownership variables for ownership. They divided the ownership concentration in ownership held by institutions, individual ownership, ownership held by foreigners and family ownership. To measure firm performance they used ROE, Tobin's Q and return on asset. They conducted regression analysis which showed that concentrated ownership positively affected firm performance and weak legal environment increases the ownership concentration. They also concluded that ownership identity impacted more than ownership concentration. The foreign ownership, family and directors have positive affect on firm performance. They showed that investment opportunity impacted on the concentrated ownership. While size has negative effect on ownership concentration and resulted in diffused ownership. In the end they conclude that ownership concentration is due to investors weak protection and it enhance the firm performance.

Wu and Lin (2010) have investigated the family ownership effect on risk taking for the listed companies in Taiwan. They took sample from 1996 to 2007. They concluded that family ownership affected negatively on risk taking in financial industry. In contrast to securities industry it showed the positive relation with risk taking.

Maury (2006) and Andres (2008) proposed that when family is large shareholder but don't have board representation then the performance of family firm is not differentiate from other firms.

Family ownership has numerous benefits. Management of family firms could do better in investment decisions due to the fact that member of the family are more farsighted because they have firm specific knowledge. They have an enduring attitude towards the firm management investment horizon due to which they take a more mature and long-term approach towards the management of the firm because they have long-term investment prospect. In the meantime, family control could also decrease the principle agent problem which discussed by Jensen and Meckling (1976) and Barle and Means (1932). Many empirical studies as Fahlenbrach (2004), Mork (1988) and Ravid and Palia (2002) found significant family control impact on firm performance. Family control could also create competitive advantage such as the shareholder concentration creates substantial economic incentives to ease agency conflicts and firm value maximization. (Demsetz and Lehn 1985). Families have high motivations to look after the managers and reduce the problem of free-ride dispersion of shareholders. This argument significantly concurs with alignment effect.

Sehrish and Afzal (2011) investigated the corporate governance practices impact on dividend policy. They gathered the data of 42 KSE listed firms from 2005-2009. They used panel data regression for estimation. They took the dependent variable as dividend policy and measured by dividend decision and dividend payout ratio. Board composition was measured by proxy of board independence and board size. While institutional ownership, individual and insider ownership has taken independent variable to measure ownership structure. Result showed that individual ownership, size of board, investment opportunities and size of firms are positively impacted the dividend paid amount. While dividend payment negatively affected by insider ownership and firm profitability. Board independence positively but insignificantly impacted on

payout ratio. They concluded that individual and insider ownership have negative relation with dividend payment.

Djankov and Classsens (1999) examined the ownership structure impact on corporate performance. They took 706 Prague stock exchange listed Czech firms from 1993 to 1997. To measure corporate performance they used proxy of labour productivity and profitability. To measure ownership concentration they used indicators of logistics information and top 5 investors holding. They conducted regression analysis and used different dummy variables. They concluded that firm performance is positively affected by ownership concentration.

Family and concentrated ownership could lead to damaging effect on firm performance due to three basic reasons. First, according to Barclay and Holderness (1989) and Stulz (1988) concentrated ownership entrench poor managers and decrease the likelihood of a takeover.

Second, due to family capital concentration, Wolfenzon , Morck and Yeung (2005) discussed that family firms may show extreme risk aversion and sacrifice merger or expansion strategies which may be profitable. Third, controlling shareholders or managers may seek actions which can raise their personal utility but it can lead to unsatisfactory firm policies such as the excessive pays, perquisites or employing members of the family on key managerial positions rather than external well competent candidates.

Svejnar and Kocenda (2005) investigate the different type of ownership concentration impact on firm performance in Czech Republic. They gathered data to Prague Stock Exchange listed firms from 1996 to 1999. To measure the firm performance they take the proxy of change in ROA and

annual change in return on sales. As an performance indicator they also used labor cost change and sales revenue change. They separated ownership between six domestic (investment fund, bank, state, Portfolio Company, industrial company and individuals) and two foreign types of single largest owners (SLO). They assigned all owners into three classes such as foreign ownership, state and domestic private ownership. They have used Holtz and Heckmen (1989) panel data treatment. They have used SOEs geographical, institutional, economic and industrial characteristics as instrumental variables. They concluded that different private ownership did not increase performance of firm and privatization effect and ownership types are limited. The foreign ownership and concentrated ownership showed little positive impact. Similarly they also concluded that firm profitability also increase due to golden shareholding by the state.

Lins and Lemmon (2003) examined the ownership structure impact on value of the firm. They took the 800 firm samples from different East Asian countries and examined the effect during financial crises. They concluded that investment opportunity of the firm is badly effected by crises and minority shareholder expropriation increased by larger shareholders. The results from crisis period stock returns of firms with high level of control rights with managers but have distanced the cash-flow and control ownership, have reduced 10- 20% lesser than other remaining firms.

Pal and Mahambare (2007) investigate the ownership structure impact on firm performance and capital structure. They have gathered data from Malaysia, Indonesia, Korea and Thailand that are most effected by Asian crises. They take total debt to total asset and total debt to total equity as ownership structure indicators. Firm performance is measured by Tobin's Q. They concluded

that larger control right instead of cashflow right could reduce firm value and this is reversed in family firm which they managed themselves.

Melikyan and Gevorgyan (2004) examined the ownership concentration and type impact on performance of Armenia joint stock companies. Firms operations evaluated with three factor model and operation index obtained by amount of investment and labour resources. The 150 companies' data was gathered covering the year from 2001 and 2002. Three variables are included in the study such as profitability, sales and before taxation income. They used random effect model and concluded that manager shareholding effect firm efficiency but shareholder concentration does not impact firm efficiency.

M.Omran and Fatehldin (2003) investigated the ownership structure relation with firm performance in Arab countries. They selected 304 companies of economy different sector of countries like Oman, Jordan, Egypt and Tunisia. They studied the concentrated ownership influence on market measures, ownership concentration determinants, ownership identity and block-holding effect. Result showed that concentrated ownership is the response of weak investor legal protection. But it do not effected by performance of the firm.

Zeitun and Almudeki investigated the ownership structure dimensions on performance of firm. They took the sample of 29 listed non-financial companies from Qatar stock exchange from 2006 to 2011. The indicators of firm performance are ROE, Tobin's Q and ROA. Linear regression and Panel data regression model are used in this study. They concluded that foreign ownership, ownership concentration and board ownership has positively impacted on performance of the

firm. ROE and ROA are positively influenced by board ownership and all three performance indicators positively influenced by concentrated ownership. Tobin's Q negatively affected by institutional ownership.

Ryoo and Jeon (2012) examined the ownership structure impact on firm performance in Korea. They take all Korean Exchange market listed firm from 1994 to 2002 as sample. They concluded that due to foreign investors outside/foreign members on the board have increased. They also concluded that foreign ownership companies allocate high dividends.

Ibrahim Raji (2012) examined the ownership structure impact on performance of the firm of Ghana Stock Exchange listed firms. They used logistics regression to conduct this study. They studied the ownership structure effect on performance of the firm by panel data analysis. To measure the firm performance they used the indicators of dividend yield, return on asset, Tobin's q and ROE. Ownership concentration is measured by proxy of board effectiveness, ownership identity, insider ownership and ownership concentration. He found that ownership concentration has negatively impacted on performance of the firm. However insider ownership shows positive impact on firm performance. They also concluded that shareholder unnecessary direct interference should also be minimized.

Turki (2012) studied the corporate ownership impact on performance of the firm. He gathered data from 23 non-financial companies of Tunisian Stock Exchange from the year of 1998-2009. They concluded that concentrated ownership and performance of the firm has negative relationship. They also concluded that large shareholder and minority shareholders conflicts of

interest does not decreased by concentrated ownership. However it is likely that concentrated ownership enhances the conflict between block shareholders and minority shareholders and hence decreased liquidity of the firm.

Zhao and Yue (2009) investigate the ownership structure impact on firm performance. He selected the privatized Chinese firms covering the period from 1999 to 2004. They concluded that state owned firms have positive relationship with longer horizon investments so they can get long horizon debt easily while it has negative relationship with firm performance. They also found positive and significant relationship of Tobin's Q with government held shares.

Maseda and Arosa (2009) studied the ownership structure impact on firm performance of small medium enterprises in Spain. They gathered data of 586 Spanish non-listed firms for the year of 2006. They showed that shareholders behavior is not affected by concentrated ownership. However the concentrated ownership impact on performance of the firm is ambiguous. They concluded that positive impact of ownership concentration on performance of the family first generation firms. In order to expropriation reduction it is better to have different shareholders other than family.

Yoshikawa and Hushimoto (2009) investigate the relationship between performance of the firm, investment behavior and ownership structure. They gathered data from 247 Japanese firms covering the period of 1996 to 1998. They concluded that financial ownership is more linked with greater investment level in projects. However there is no affected in volatility of stock

prices by financial institutions instead they impact on dividend policies, capital expenditures and return on assets. Financial institution also favours growth strategies higher than market investors.

Mangunyi (2011) studied the ownership structure, corporate governance and its effect on performance of the firms of Kenya. They take the sample of 40 banks which includes foreign owned, state owned and locally owned. They developed closed ended and open ended questionnaire to get data for this study. Hypothesis is test by the use of one way analysis of variance. He concluded that ownership type has no significant effected by performance of the firm. In comparison of domestic banks, foreign owned banks slightly better in their performance. He urged to governance mechanism improvement for potential investor attraction. Finally, the regulatory agencies including the government should opt for promoting and socializing the corporate governance and its relations with performance of firms across industries.

Zeitun (2010) studied the ownership structure impact on firm performance. He gathered data from167 companies from Jordan and analyzed by panel estimation. He concluded that ownership structure and concentration impacted positively on performance of the firm. Result also showed that firm leads to inefficiency due to institutional ownership. They performance indicators are the Tobin's Q and return on asset which shows negative relation with firm performance. But showed positive effect by market to book ratio. He also found negative impact of government ownership on accounting performance. This study showed result of negative effect by government ownership and default probability with the firm performance. The study suggested that it is better to reduce government ownership to increase firm performance. Moreover he suggest that in order to enhance firm performance its better to have some ownership concentration.

Lee (2008) emphasized the two dimensions for the ownership structure issue which are ownership identity and concentration. He said that due to dispersed ownership agency problem enhanced and it reduce the shareholder incentive to better monitor of firm management. Due to dispersed ownership they just owned but not have any kind of control over the firm. The dispersed owners instead of investing in firm future project they invest in dividend stream of firm. Diffused owners did not make quality decision due to lack of enough knowledge and information.

Rudkin and Zoysa (2009) investigate the ownership concentration and structure relationship with performance of Sri Lankan listed firms. They gathered data of 45 Colombo stock exchange listed companies from the year 2007 to 2008. Firm performance is taken as the indicators like Return on asset and market to book ratio. They also used explanatory variables such as ownership fraction ratio and ownership concentration ratio. Five variables used for ownership concentration which includes largest shareholding percentage, two largest shareholders percentage, three largest shareholder percentage, largest five shareholder percentage and largest ten shareholder percentage. They used the regression model and found the positive relationship of concentrated ownership on performance of the firm.

Muravyev & Kuznetsov (2001) investigate ownership concentration and structure impact on performance of the Russian privatized non financial firms. They gathered data from 236 firm covering the period of 1995 to 1997. Company performance is measured by three indicators which includes the Tobin's Q, profitability and labor productivity. The study found the positive

relationship between labour productivity and concentrated ownership but negative relation with Tobin's Q. They also concluded that ownership concentration positive result does not reach to all shareholders and lager shareholder expropriates the minority shareholders and in this way they extract private benefit. They also concluded the weak link between different group ownership and performance of the firm. Result showed that profitability is enhanced by foreign ownership.

Kang (2006) studied the ownership concentration effect on firm performance in china by new approach. He merged the stock price and financial data with equity ownership data. They gathered data of Shenzhen stock exchange listed firms covering the period of 1994 to 2002. He measured the firm performance by the indicators of leverage ratio, sales log, Tobin's Q and liquidity ratio. He take MCS control, government control and private control as dummy variables. Ownership concentration is measured by largest shareholder percentage, top ten shareholder percentage except the largest shareholder. They concluded that private firms outperformed by government controlled firms. Result also showed the concentrated ownership along with large amount of minority shareholding improved corporate governance.

Paletta and Alimehmiti (2012) examined the concentrated ownership effect on value of the firm. They have taken sample of all Italian listed firms from 2006 to 2009. Return on asset is taken the dependent variable to indicate the firm performance while firm size, ownership concentration and leverage ratio is used as independent variables. They conducted this study by OLS regression and found that ownership concentration has positive impact on performance of the firm. They also point out that expropriation effect increased by financial crises.

Karim, Dunstun and Farooque (2007) examined the ownership structure impact on performance of firm. They used the sample of 600 Bangladesh listed firms from 1995 to 2001. The result showed performance of the firm is not effected by ownership structure instead they have negative relationship. Government influence which is taken as control variable influence on both performance and ownership. They found the resemblances agency theory implication and governance mechanisms.

Liang (2009) examined the ownership structure influence on performance of the firm with interaction with social networks and directly. They selected the data of 279 Taiwanese listed firms for the year of 2004. The result showed the firm performance changes as the structure of the ownership level varies.

Dyomina and Kapelyushnikov (2008) investigated the concentrated ownership effect on the firm performance in Russia. The unbalanced panel has constructed and data gathered from 1999 to 2003. The ownership variables such as outsiders (individual investors, financial outsiders, non-financials and other firm) and insiders (employees and managers) used. Performance is measured by investment in technology or equipment. Dependent variables selected for this study are profit, profit margin and capacity utilization. The concluded the negative effect of ownership concentration on performance parameter likes capacity utilization, investment and profitability. They also found that with different large shareholders firm efficiency increased.

Srivastva (2011) investigate the ownership structure impact on corporate performance. He selected 98 Bombay stock exchange listed companies covering the period of 2009 and 2010. He

conducted regression analysis and found that accounting performance such as return on asset and equity are influenced by diffused ownership but there is no impact on market performance. So he suggested that other factors such as contextual, political and economic factors also impacted on performance.

3. Research Methodology

This chapter explains the methodology covering the data collection, sample, population, variables.

3.1 Population:

This study population includes the listed non-financial companies on Karachi Stock Exchange.

3.2 Sample:

In this study, 60 listed firms covering different sectors from KSE is used as sample. A total of nine automobiles sector companies, seven cement sector companies, ten chemical sector companies, one electronics company, one gas and water company, two industrial metal companies, ten oil and gas companies, five pharmaceutical companies, two tobacco companies, five personal goods companies, two household goods companies, two forestry companies, two food producer companies, two engineering companies are included. The data is gathered from 2008 to 2013.

3.3 Dependent Variables:

3.3.1 Performance Indicators:

Return on Assets (ROA):

Return on asset is used as the proxy of firm performance "Return on Asset showed the firm profitability in relation to its assets. Return on asset is calculated as net income divided by firm total asset: Net income/Total Asset".

Return on Capital Employed (ROCE):

"Return on capital employed is the net operating profit divided by capital employed. The capital employed is the sum of long term financing and shareholder equity. As comparison of return on equity, Return on capital employed is more comprehensive test".

Tobin's Q

"Tobin's Q is calculated as firm market value divided by firm total asset. A low Tobin's Q ratio shows that cost of replace the firm asset is higher than the its stock value. While high Tobin's Q ratio implies stock overvalued and the stock is expensive than the asset replacement cost"

3.4 Independent Variables and firm performance:

There is significant distinction between voting right ownership and cashflow right ownership in corporate governance literature. In this study, I define ownership as holding right of cashflow

instead of voting right as followed by literature of corporate governance. While managerial ownership and concentrated ownership is represented ownership structure.

Ownership concentration:

"The concentrated ownership is explained as top five shareholding percentage. It is divided into different sets such as foreign ownership, institutional ownership, individual ownership, associated parties and related parties ownership and others. To measure ownership concentration and to analyze its impact on firm performance top five shareholder proxy is used".

Definition of ownership groups as per regulations in Pakistan:

Family Ownership: "Family ownership is defined as share percentage held by husband, wife, son, daughter and other family members with similar surname of family members where founder or a his/her family member by either blood or marriage."

Associated Parties, undertakings and Related Parties Ownership:

"It represents the ownership of shares held by different shareholders of firm in firms with whom the companies has any kind of association, undertaking relationships and have completed any related party transactions."

Foreign Ownership: "Foreign ownership is defined as share percentage held by companies incorporated outside Pakistan but can conduct business in Pakistan under Companies Ordinance, 1984, Foreign Companies. As per ordinance, the foreign subsidiary is also defined as a company

with more than 50 percent of equity is held by a single foreign company. Further there is not any limitation on foreign investors to hold more than 50 percent of equity holdings."

Institutional Ownership: **"**Financial institutions / Bank ownership is defined as financial institutions in the sample representing legal minority shareholders (holding at least 10 percent of equity on average). It includes the percentage of total equity mainly held by Banks, Investment Corporation of Pakistan (ICP) that is development financial institution and National Investment Trust (NIT) a unit trust is included."

Directors' Ownership: **"**Director Ownership is defined as percentage of shares held by management, board of directors. It includes shares held by directors and officers irrespective of whether managers are part of family or a professional manager hired by the foreign firm or by the family."

Individual's Ownership: **"**It refers to the general public and individual specifically holding shares of the company."

Others: **"**Others refers to the shares held by corporate law authorities, joint stock companies, trustees, cooperative societies, charitable trusts and etc."

3.5 Ownership concentration and firm performance:

Due to weak legal rights and underdeveloped market leads investor to be more dependent on concentrated ownership structure. Mandeike and Agrawal (1987) have showed that alignment of interest through ownership concentration positively impacted on firm performance. When majority shareholding is not diffused then this could reduce the agency cost. However ownership concentration could expropriate smaller shareholder and decreased the firm value.

H1: There is a positive relationship between the concentrated ownership and firm performance.

After controlling firm specific variables firm performance and ownership concentration equation is estimated as:

Perfi = α + β1OCi + β2CGIi + β3Lnsize + β4Invi + εit

Perfi represents the firm performance measurement at time t, by Tobin's Q, ROA and ROCE. Corporate governance index is represented by *CGIi*, while total asset log is measured by *Lnsize,* investment opportunity is represented by *Invi* and is taken as market value per share to book value per share. *Eit* represents the error term.

3.6 Ownership identity and firm performance:

Due to large block-holders identity concentrated ownership classification could change. So shareholder identity could also effect ownership concentration and firm performance. Four groups are classified as concentrated ownership such as foreign ownership, individual ownership, institutional ownership and family ownership.

H2: The ownership identity matters in determining the performance of firm.

The different model used to see the ownership identity impact on performance of the firm are:

a) $Perfi = \beta0 + \beta1 Acoit + \beta2 Invi + \beta3 Size + \varepsilon it$

Where *ACOit* represents the percentage shareholding of associated parties by the firm i on time t. *Perfi* represents the firm performance i on the time t, which is taken as Tobin's Q, return on asset and capital employed return. *Invi* represents the investment opportunities and measured by M/B ratio. *Sizeit* represent the size of the firm and taken as total assets log. *εit* represents error term.

b) $Perfi = \beta0 + \beta1 MOit + \beta2 Invi + \beta3 Size + \varepsilon it$

Where *MOit* represents the percentage shareholding executives and directors of firm i on time t. *Perfi* represents the firm performance i on the time t, which is taken as Tobin's Q, return on asset and capital employed return. *Invi* represents the investment opportunities and measured by M/B ratio. *Size* represent the size of the firm and taken as total asset log. εit represents error term.

c) $Perfi = \beta0 + \beta1\ FOit + \beta2 Invit + \beta3 Sizeit + \varepsilon it$

Where *FOit* represents the percentage foreign shareholding of firm i on time t. *Perfi* represents the firm performance i on the time t, which is taken as Tobin's Q, return on asset and capital employed return. *Invi* represents the investment opportunities and measured by market value per share to book value per share. *Sizeit* represent size of the firm and taken as total assets log. *εit* represents error term.

d) $Perfi = \beta0 + \beta1\ INDit + \beta2 Invit + \beta3 Sizeit + \varepsilon it$

Where *INDit* represents the percentage shareholding of individuals of firm i on time t. *Perfi* represents the firm performance i on the time t, which is taken as Tobin's Q, return on asset and capital employed return. *Invi* represents the investment opportunities and measured by M/B ratio. *Sizeit* represent the size of the firm and taken as total assets log. *εit* represents error term.

    e) $Perfi = \beta0 + \beta1\ IOit + \beta2Invit + \beta3Sizeit + \varepsilon it$

Where *IOit* represents the percentage shareholding held by institution of firm i on time t. *Perfi* represents the firm performance i on the time t, which is taken as Tobin's Q, return on asset and capital employed return. *Invi* represents the investment opportunities and measured by M/B ratio. *Sizeit* represent the size of the firm and taken as total assets log. *εit* represents error term.

3.6 Control Variables:

Firm size:
"It is value of firm's total asset. As for firm level variables are considered, the size of firm has been kept as control variable and inverse relationship between the ownership concentration and firm size is expected for risk averting and risk neutral effects. It is because in larger firms, the stake of ownership is greater and higher price of shares would reduce degree of concentration."

Corporate Governance index:

It acts as market solution of corporate governance shortcoming. It covers the common loopholes in corporate governance framework such as weak obligation of independent directors, weak shareholder protection and lack of corporate disclosure. To calculate corporate governance index following variables are used:

Variables	Definition	Weightage
Ownership Structure	Board of directors shareholdings / total no of shares. Eric Servin (2001).	15%
Ownership Concentration	Top five shareholdings / total no of shares. Lin Chen et al.(2008)	10%
Institutional Ownership	Institutional shareholdings / total no of share. Lei Luo (2005)	10%
Board size	Ln. of total no of board members.	10%
Audit Committee Independence	No of non-executives directors / total no of directors in audit committee. Forker's (1992)	15%
CEO duality	Represents duality of CEO and Chairman	10%
Share Holder's activism	No of meetings attended by more or equal to 70% of directors / total no meetings held in a year. Lin Chen (2008)	15%
Board Independence	Sum of Non-executives directors / total no of directors in board. Kee et al (2003), Lin Chen (2008).	15%

Weights are given with reference to corporate governance study of Syed Zulifiqar Ali Shah (2009).

Through the annual reports of firm, data of each variable of CGI was calculated and multiplied by respective weights.

Market to Book Ratio:

The opportunity of investment is measured by M/B ratio. By this ratio we can find company value by comparing book value of the firm. Through firm market capitalization in stock market, market value of company could be determined.

4. Data Analysis

The impact of concentrated ownership on performance of the firm is estimated by the following techniques:

4.1 Common Effect Model or Pooled Regression

This common effect approach could be used when groups which are pooled are quite homogenous or similar. Model could be directly run by ordinary least square (OLS). In this model, the intercept is constant across time series and cross section. If the model creates high standard error, then this can be caution that groups are not all similar.

4.2 Criteria for Models selection

The above definition of common effect model explains the basis to use this model. If the P-value rose to higher than 5% I could have used Random Effects. The basis for selecting between different models by using Hausman test is established on using tutorials and literature.

4.3 Interpretation of results

The results are generated through application of common effect model used in Eviews software. The different measures such as T statistics, Regression coefficient, P value and R squared used for result interpretation. When the variable P-value is below 5%, the variable is significant. While the variable is insignificant if the P-value is higher than 5%. If the P-value is between 5% and 10% sometimes it said to be weakly significant. The result of variable with P-value of less

than 1% is strongly significant. In T-Statistic if the value is between +1.96 and -1.96 then the variable is insignificant. In case of regression coefficient, variable must be reflect positive or negative relationship of independent variable on dependent variable. If the coefficient is zero then the variable should be left out of equation. The R-squared measured the regression line fit. Eviews calculate R-squared as the dependent variable variance described by regression.

5. Findings and Discussions:

5.1 Summary Statistics of variables:

Statistics	OC	ROCE	ROA	TQ	LNSIZE	MB	CGI	ACO	MO	INDO	FO
Mean	71.88822	17.89058	7.473705	1.348295	10.09259	1.89869	0.614393	37.8006	13.83441	15.18826	16.64196
Median	75.7	17.545	5.92	1.013594	10.10049	1.0862	0.621244	27.375	0.2	13.655	1.87
Maximum	99.97	92.6	53.01	8.99677	11.61701	26.56752	0.90309	97.65	86.78	65.924	97.65358
Minimum	0.8998	-98.27	-35.95	0.067851	8.533758	-1.226099	0.359566	0	0	0	0
Std. Dev.	19.27146	23.45139	10.51034	1.161594	0.617854	2.62878	0.088202	34.55607	23.80157	12.68803	29.13722
Skewness	-0.656264	-0.516434	0.383646	4.025838	-0.046156	4.507081	-0.058097	0.207339	1.6249	1.272867	1.845932
Kurtosis	2.849209	7.746587	5.610056	23.48402	2.823013	33.71678	4.092839	1.439201	4.286304	4.616405	4.910055
Jarque-Bera	20.0729	271.3643	85.11297	5570.883	0.458231	11784.92	13.88968	29.99259	140.4814	104.5756	198.699
Probability	0.000044	0	0	0	0.795237	0	0.000964	0	0	0	0
Sum	19841.15	4937.799	2062.743	372.1293	2785.554	524.0385	169.5725	10432.97	3818.297	4191.961	4593.18
Sum Sq. Dev.	102132	151241.1	30378.47	371.0579	104.9795	1900.383	2.139367	328383.6	155791.5	44271.21	233468.8
Observations	276	276	276	276	276	276	276	276	276	276	276

5.2 Correlation Summary of Variables:

Covariance Analysis: Ordinary												
Date: 10/19/14 Time: 13:23												
Sample: 2008 2013												
Included observations: 276												
Balanced sample (listwise missing value deletion)												
Correlation	Ownership concentration	ROCE	ROA	Tobin's Q	Log of firm size	MV/BV ratio	CGI	Associated ownership	Managerial ownership	Individual ownership	Foreign ownership	Institutional ownership
Ownership concentration	1											
ROCE	0.101623	1										
ROA	0.233927	0.52416	1									
Tobin's Q	0.344112	0.34282	0.37096	1								
Log of firm size	0.090955	0.17533	0.20151	0.01919	1							
MV/BV ratio	0.174333	0.29013	0.38064	0.714063	-0.08808	1						
CGI	-0.1024	0.16653	0.15866	-0.01564	0.06892	0.020554	1					
Associated ownership	0.438575	0.09488	0.07831	0.289376	0.178068	0.170495	-0.1168	1				
Managerial ownership	-0.241575	-0.1565	-0.1653	-0.2268	-0.34598	-0.07022	0.11811	-0.562313	1			
Individual ownership	-0.723182	-0.2211	-0.2525	-0.30011	-0.32789	-0.18502	0.08852	-0.335532	0.27959	1		
Foreign ownership	0.351775	0.00728	0.03312	0.168102	0.052306	0.174655	-0.2925	0.431255	-0.236562	-0.332626	1	
Institutional ownership	-0.450296	0.01696	-0.0855	-0.26361	-0.07613	-0.03624	0.09217	-0.319101	0.044531	0.243693	-0.242916	1

This result illustrates negative correlation among corporate governance and ownership concentration. This suggested that firm used concentrated ownership structure due to weak investor protection and corporate governance practices in Pakistan.

5.3 Ownership Concentration and Firm Performance

Common effect model is used and indicators have showed that log of firm size is significant and positive variable for return on asset. Similarly the ownership concentration, investment opportunity and corporate governance index are positive and significant variables for return on asset. The variable like investment opportunity, ownership concentration, firm size and corporate governance index contributes 22% of variance for return on asset.

Insert Table (1) about here

As the P-value of variables like ownership concentration, firm size and investment opportunity are below than 1% which suggest that these variables are strongly significant.

Insert Table (2) about here

The statistics have showed corporate of governance index is insignificant for Tobin's Q. while firm size variable is weakly significant. However ownership concentration and investment opportunity are strongly significant for Tobin's Q. These variables contribute 58% variance for Tobin's Q. It employs that when there is 1% positive change it ownership concentration then it will lead to 1.25 % positive change in Tobin's q. F statistics also shows that model is quite stable.

Insert Table (3) about here

The statistics have showed that all variables which include ownership concentration, corporate governance index and firm size are significant for return on capital employed. The R-squared is .06 which explains that ownership concentration, firm size and corporate governance index have 6% variance for return on capital employed. It employs that when there is 1% positive change it ownership concentration then it will lead to 11.37 % positive change in ROCE. F statistics also shows that model is stable.

5.4 Ownership Identity and Firm Performance

5.4.1 Foreign ownership and firm performance

The common effect model has showed that foreign ownership positively effected on Tobin's Q. But foreign ownership variable is insignificant for Tobin's Q. The foreign ownership and investment opportunity contributes 51% variance in Tobin's Q. It also employs that when there is 1% positive change in foreign ownership then it will lead to .18% positive change in Tobin's q. F statistics also shows that model is highly stable.

Insert Table (4) about here

5.4.2 Institutional ownership and firm performance

The statistics has found that Institutional ownership has significant and negative effect on Tobin's Q. The institutional ownership and investment opportunity explains 58% variance in Tobin's Q. It also employs that when there is 1% positive change in institutional ownership then it will lead to 2% negative change in Tobin's q. F statistics also shows that model is quite stable.

Insert Table (5) about here

5.4.3 Individual ownership and firm performance

The statistics showed that individual ownership has significant and negatively effected on Tobin's Q. Individual shareholding and investment opportunity explains 55% variance in Tobin's Q.

Insert Table (6) about here

5.4.4 Associated ownership and firm performance

The statistics have concluded that associated ownership has significant as well as positively effected on Tobin's Q. The variables like Investment opportunity and associated ownership explains 56% variance in Tobin's Q.

Insert Table (7) about here

5.4.5 Managerial ownership and firm performance

The statistics have concluded that managerial ownership has significant but negatively effected on Tobin's Q. It also highlights that Investment opportunity and managerial ownership explains 56% variance in Tobin's Q.

Insert Table (8) about here

6. Comparison:

6.1 Ownership Concentration and firm performance

It is concluded from this study that ownership concentration impacted positively on performance of the firm. Ownership concentration showed positive impact for ROCE, ROA and Tobin's Q. It is also concluded that corporate governance index is insignificant and negative relation with Tobin's Q. While in previous studies it was found that ownership concentration have mixed impact on firm performance. In previous studies research showed that corporate governance practices negatively affected by concentrated ownership.

6.2 Ownership Identity and firm performance:

Statistics have showed that associated ownership is significant and positive impact on Tobin's Q. It is also concluded from the study foreign shareholding has insignificant and positive effect on Tobin's Q. Result also showed that individual ownership and institutional ownership has significant and negative effect on Tobin's Q. Similarly managerial ownership has significant but negatively affected on performance of firm. While in previous studies it was found that rather than concentrated ownership, ownership identity matters more.

7. Conclusion and Recommendations

It is greatly recognized that ownership structure is a key element of corporate governance. Earlier studied showed the mixed evidence of ownership concentration impact on firm performance.

This study is an attempt to find out concentrated ownership impact on Karachi stock exchange non- financial firms performance. This study also finds the effect of concentrated ownership and different ownership identities impact on firm performance. The common effect model is used for data analysis which was gathered from company's annual reports. The model is used with the Eviews software and Microsoft Excel descriptive techniques.

The correlation result shows the negative correlation between the corporate governance index and ownership concentration. which means that concentrated structure is used by the firms in response to weak investors protection and weak corporate governance practices in Pakistan economy. Furthermore there is also negative correlation between corporate governance index and associated ownership which shows that due to inefficient corporate governance practices firms follow more associated ownership in our economy.

The study first hypothesis was concentrated ownership effect on firm performance on KSE listed non-financial firms. It is concluded that concentrated ownership is positively effected on ROCE, ROA and Tobin's Q. It is also concluded that corporate governance index is insignificant for Tobin's Q. So this is evidence of agency perspective confirmation that shareholder control and power to support shareholder and manager interest increased by higher concentration which leads to higher firm performance.

The second hypothesis was the ownership identities impact on firm performance of KSE listed non-financial firms. The result showed that associated ownership has significant and positively

affected on tobin's q and return on asset. This study also concluded that foreign ownership and managerial ownership have insignificant and positively affected on Tobin's Q. while the individual ownership has significant but negatively affected on Tobin's Q.

7.2 Recommendations:

- It is found that investment opportunities has significant impact on concentrated ownership so firms should try to increase the market value per share in comparison of book value.

- Associated ownership structure has positively affected on Tobin's Q so firm should try to improve that in their corporate structure.

- The firm must focus on effective firm size and capital structuring as firm size have positively affected on Tobin's Q.

- As foreign ownership can improve firm performance and practices of governance so firms should try to improve that.

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9. Appendix

Table 1: Ownership concentration impact on ROA

Dependent Variable: ROA				
Method: Panel Least Squares				
Date: 10/19/14 Time: 13:09				
Sample: 2008 2013				
Periods included: 6				
Cross-sections included: 56				
Total panel (balanced) observations: 336				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-35.42606	8.966832	-3.950789	0.0001
OC	0.079759	0.028302	2.818134	0.0051
CGI	15.17255	5.95587	2.547496	0.0113
LNSIZE	2.487444	0.81361	3.057293	0.0024
MB	1.582767	0.207511	7.62739	0
R-squared	0.22006	Mean dependent var		7.520038
Adjusted R-squared	0.210634	S.D. dependent var		10.39652
S.E. of regression	9.236918	Akaike info criterion		7.299063
Sum squared resid	28241.14	Schwarz criterion		7.355865
Log likelihood	-1221.243	Hannan-Quinn criter.		7.321706
F-statistic	23.34787	Durbin-Watson stat		1.241903
Prob(F-statistic)	0			

Table 2: Ownership concentration impact on Tobin's Q

Dependent Variable: TQ				
Method: Panel Least Squares				
Date: 10/19/14 Time: 13:11				
Sample: 2008 2013				
Periods included: 6				
Cross-sections included: 56				
Total panel (balanced) observations: 336				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.114826	0.720018	-1.548331	0.1225
OC	0.012538	0.002273	5.516907	0
CGI	-0.181175	0.478244	-0.378834	0.7051
LNSIZE	0.107985	0.065331	1.652883	0.0993
MB	0.323033	0.016663	19.38658	0
R-squared	0.583703	Mean dependent var		1.342019
Adjusted R-squared	0.578672	S.D. dependent var		1.14267
S.E. of regression	0.741705	Akaike info criterion		2.255039
Sum squared resid	182.0919	Schwarz criterion		2.311841
Log likelihood	-373.8466	Hannan-Quinn criter.		2.277682
F-statistic	116.0261	Durbin-Watson stat		0.619651
Prob(F-statistic)	0			

Table 3: Ownership concentration impact on ROCE

Dependent Variable: ROCE				
Method: Panel Least Squares				
Date: 10/19/14 Time: 13:13				
Sample: 2008 2013				
Periods included: 6				
Cross-sections included: 56				
Total panel (balanced) observations: 336				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-73.39094	21.06423	-3.48415	0.0006
OC	0.113744	0.063334	1.795948	0.0734
CGI	39.83584	13.73905	2.89946	0.004
LNSIZE	5.796703	1.946633	2.977811	0.0031
R-squared	0.063143	Mean dependent var		17.39175
Adjusted R-squared	0.054677	S.D. dependent var		21.97884
S.E. of regression	21.36952	Akaike info criterion		8.973642
Sum squared resid	151609.9	Schwarz criterion		9.019084
Log likelihood	-1503.572	Hannan-Quinn criter.		8.991756
F-statistic	7.458742	Durbin-Watson stat		1.421293
Prob(F-statistic)	0.000076			

Table 4: Foreign Ownership impact on firm performance

Dependent Variable: TQ				
Method: Panel Least Squares				
Date: 10/19/14 Time: 13:43				
Sample: 2008 2013				
Periods included: 6				
Cross-sections included: 48				
Total panel (unbalanced) observations: 279				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.724961	0.063668	11.3866	0
MB	0.312157	0.018867	16.54504	0
FO	0.001797	0.0017	1.056857	0.2915
R-squared	0.51242	Mean dependent var		1.343992
Adjusted R-squared	0.508886	S.D. dependent var		1.15607
S.E. of regression	0.810168	Akaike info criterion		2.427544
Sum squared resid	181.1588	Schwarz criterion		2.46659
Log likelihood	-335.6424	Hannan-Quinn criter.		2.443207
F-statistic	145.0302	Durbin-Watson stat		0.565298
Prob(F-statistic)	0			

Table 5: Institutional Ownership impact on firm performance

Dependent Variable: TQ				
Method: Panel Least Squares				
Date: 10/19/14 Time: 13:41				
Sample: 2008 2013				
Periods included: 6				
Cross-sections included: 56				
Total panel (balanced) observations: 336				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.005319	0.067265	14.9457	0
MB	0.333006	0.016285	20.44888	0
IO	-0.020229	0.003305	-6.120299	0
R-squared	0.585923	Mean dependent var		1.342019
Adjusted R-squared	0.583437	S.D. dependent var		1.14267
S.E. of regression	0.737499	Akaike info criterion		2.237785
Sum squared resid	181.1204	Schwarz criterion		2.271866
Log likelihood	-372.9479	Hannan-Quinn criter.		2.251371
F-statistic	235.5996	Durbin-Watson stat		0.595847
Prob(F-statistic)	0			

Table 6: Individual Ownership impact on firm performance

Dependent Variable: TQ				
Method: Panel Least Squares				
Date: 10/19/14 Time: 13:43				
Sample: 2008 2013				
Periods included: 6				
Cross-sections included: 56				
Total panel (balanced) observations: 336				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.952137	0.078398	12.1449	0
MB	0.327554	0.017047	19.21468	0
INDO	-0.013089	0.003467	-3.775486	0.0002
R-squared	0.558255	Mean dependent var		1.342019
Adjusted R-squared	0.555601	S.D. dependent var		1.14267
S.E. of regression	0.761741	Akaike info criterion		2.302468
Sum squared resid	193.223	Schwarz criterion		2.336549
Log likelihood	-383.8146	Hannan-Quinn criter.		2.316054
F-statistic	210.4139	Durbin-Watson stat		0.558107
Prob(F-statistic)	0			

Table 7: Associated Ownership impact on firm performance

Dependent Variable: TQ				
Method: Panel Least Squares				
Date: 10/19/14 Time: 13:40				
Sample: 2008 2013				
Periods included: 6				
Cross-sections included: 56				
Total panel (balanced) observations: 336				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.520996	0.069512	7.495044	0
MB	0.32714	0.01687	19.39179	0
ACO	0.005559	0.001259	4.413537	0
R-squared	0.564803	Mean dependent var		1.342019
Adjusted R-squared	0.562189	S.D. dependent var		1.14267
S.E. of regression	0.756074	Akaike info criterion		2.287533
Sum squared resid	190.3587	Schwarz criterion		2.321615
Log likelihood	-381.3056	Hannan-Quinn criter.		2.301119
F-statistic	216.0852	Durbin-Watson stat		0.555666
Prob(F-statistic)	0			

Table 8: Managerial Ownership impact on firm performance

Dependent Variable: TQ				
Method: Panel Least Squares				
Date: 10/21/14 Time: 19:33				
Sample: 2008 2013				
Periods included: 6				
Cross-sections included: 56				
Total panel (unbalanced) observations: 334				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.838914	0.056962	14.72766	0
MO	-0.008247	0.001856	-4.444273	0
MB	0.334215	0.01674	19.96507	0
R-squared	0.565188	Mean dependent var		1.343504
Adjusted R-squared	0.562561	S.D. dependent var		1.145931
S.E. of regression	0.757909	Akaike info criterion		2.292436
Sum squared resid	190.1352	Schwarz criterion		2.326668
Log likelihood	-379.8368	Hannan-Quinn criter.		2.306084
F-statistic	215.1241	Durbin-Watson stat		0.550211
Prob(F-statistic)	0			