

## Ownership Structure and Financial Performance of quoted Food and Beverage Firms in Nigeria

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**Abstract.** The study examined the effect of the ownership structure and its dimensions (such as managerial ownership, employee ownership and private ownership) on the financial performance of eighteen food and beverage quoted firms on the Nigerian Stock Exchange (NSE) during the period 2010-2018. The study used secondary data on managerial ownership (MO), employee ownership (EO), private ownership (PO) and return on equity (ROE). These were sourced from the annual report and accounts of the firms used for the study. Data collected were analysed using pooled regression, fixed and random effect regression. The result showed that managerial ownership had an insignificant (positive) effect on return on equity ( $t=1.63$ ;  $P=0.329$ ;  $P>0.05$ ). Employee ownership had significant positive effect on return on equity ( $t=2.19$ ;  $P=0.001$ ;  $P<0.05$ ). Private ownership had significant effect on return on equity ( $t=3.2$ ;  $P=0.005$ ;  $P<0.05$ ). Managerial ownership, employee ownership and private ownership had a significant combined effect on return on equity (Wald  $\chi^2=32.91$ ;  $R^2=0.682$ ;  $P=0.000$ ). The study concluded that ownership structure had a significant effect on the financial performance of quoted food and beverage manufacturing firms in Nigeria.

**Keywords:** Ownership Structure, Managerial Ownership, Employee Ownership, Private Ownership, Financial Performance, Return on Equity.

### 1. Introduction

The performance of an entity is of importance to shareholders and institutional investors Ahmed and

Hadi (2017). Hence, it is the responsibility of business managers to ensure that corporate resources are optimized to ensure commensurate returns. Further, since the going concern of an entity largely depends on its performance, managers are constrained to invest in projects and investment that are worthwhile. Despite the discretionary power of managers, the choice of investment often depends on the level of resources available and the ownership of such investment fund. A firm may source for fund internally or externally however, the utilization of such fund is usually accompanied with the interest of its provider. As evident in the literature, the composition of an entity's finance alternatively called ownership structure is important for management decisions. Therefore, the ownership structure of any company is a serious factor affecting a company's financial performance. A firm's ownership structure is composed of investors, financial institutions, mutual funds, international firms, block holders, family members and managers (Kluiver, 2017). The impact of ownership structure on firm performance is derived from the agency theory. The separation of management from control creates a "principal-agent problem" in which managers (agent) might make decisions that are not in the best interest of the owners (principal). Managers may use private information for their benefit and act against shareholders' interests and views (Mudi, 2017). This managerial opportunism, in which managers seek self-interest through deceit, can prevent maximization of shareholder wealth.

In developing countries, corporate governance impacts public policy objectives. Good corporate governance reduces emerging market vulnerability to financial crises, strengthens property rights, reduces

transaction costs and the cost of capital, and leads to capital market development (Ngang, 2017). Weak corporate governance frameworks reduce investor confidence and can discourage outside investment. Moreover, since pension funds are invested in equity markets, good corporate governance is vital for preserving retirement savings. Over the past decade, the importance of strong corporate governance has been emphasized by a growing body of academic research. Nevertheless, there is limited empirical research done on the food and beverages industry in Nigeria.

Basically, ownership is considered from two main dimensions: ownership concentration and ownership identity. Ownership concentration refers to the number of shares owned by the majority of shareholders. Ownership identity relies on the people who have shares in the corporation and how they use such shares to generate revenues for the shareholders. These classifications lead to the major types of ownership as already identified in this study which are managerial ownership, private ownership and employee association ownership. This study, therefore, examines the effect of ownership structure and its dimensions (such as managerial ownership, employee ownership and private ownership) on the financial performance of listed food and beverage firms in Nigeria.

## 2. Review of Related Literature

Abosede and Kajola (2011), described ownership structure as the fraction of shares owned by a firm's most significant shareholders, with much attention given to the fraction owned by the five largest shareholders. Lawal, Agbi and Mustapha (2018) viewed ownership structure as a combination of concentrated ownership and large stockholdings by institutional owners for productivity. Uwalomwa and Olamide (2012) viewed ownership structure as decisions made by those who own or who would own shares. The study measured ownership structure as the composition of board ownership, institutional ownership and foreign ownership.

### 2.1 Dimensions of Ownership Structure

Several attempts have been made by scholars to identify various types of ownership structure within an organization. Some of the identified ownership types are discussed as follows:

**Managerial Ownership:** Managerial ownership is the percentage of shares owned by a firm's management that is, the composition of board

members, CEO and top management (Andow & David, 2016). Laiho (2011) view managerial ownership as the insider holdings by the board of directors and the management team.

**Employee Ownership:** Kruse has classified employee ownership into four dimensions: the percentage of employees who participate in ownership; the percentage of ownership held within the company by employees; the inequality of ownership stakes among employee-owners and the prerogatives and rights that ownership confers upon employees.

**Private Ownership:** Private firms, in general, are viewed to be superior to state-owned enterprises and, in theory, privatization may help to minimise the agency problem and lead to greater efficiency by improving monitoring systems and providing agents with better incentives to perform (Andow & David, 2016). Concerning the benefits of employee ownership to the organisations, academic literature refers to private ownership as a double-edged weapon. Furthermore, it is shown that companies with private ownership are much more motivated to seek wealth maximisation and reduce costs. So, by relieving state-owned companies from excessive burdens by privatisation, as a result, performance may increase.

### 2.2 Financial Performance

There is no universal definition of the concept of financial performance. Firm financial performance is used to describe the state of affairs of a firm. In analyzing a firm financial performance, emphasis should be made in formulating an adequate description of the concept of a firm's financial performance which uncovers the different dimensions upon which firm's financial performance should be evaluated. In terms of measurement, several scholars measure firm financial performance differently. Demstz and Lehn (2001) measured firm financial performance as the accounting profit rate. Kechi (2011) measured firm financial performance by Return on Asset (ROA) and Profit Margin (PM). Fazlzadeh et al. (2011) measured firm financial performance as the Net Income to total assets and ordinary income to total assets. Uwaloma and Olamide (2012) measured firm financial performance as Return on Asset (ROA). However, this study defines financial performance as Return on Equity measured by the proportion of profit after tax to total shareholders' equity at book value.

### 2.3 Empirical Review

There are various studies on ownership structure as it affects financial performance of quoted companies.

Some focused on measuring financial performance while others concentrated on examining the determinants of the financial performance of corporate entities. For instance, Mirza, & Javed (2013) studied 60 Pakistani corporate firms listed in Karachi stock exchange for the period of 2007 to 2011 to examine the determinant of financial performance. Corporate governance, ownership structure, capital structure, economic indicators and risk management were used as independent variables. The study concluded that the debt to equity ratio has a positive impact on performance, while the long-term debt to total assets and short-term debt to total assets have an adverse effect on firms' performance. Shah, Butt & Saed (2011) study examines the relationship between ownership structure and performance of the listed companies in an emerging South Asian market. Performance of the firms has been quantified by using market-based measures as well as accounting-based measures. Marris Ratio and Tobin's Q represents the market-based measures of companies' performance whereas Return on Equity and Return on Investment captures the financial reporting perspectives. Percentage of shares held by the Board of Directors has been used as the proxy for ownership structure. The sample has been divided into three groups by using Cluster analysis. Chi-square test for homogeneity provides that groups are significantly different. Companies concentrated ownership at Board show weak performance whereas the companies with independent Board perform better. Descriptive statistics also confirm the result. The study reveals ownership structure is negatively related to the performance of firms. Therefore we can safely say that a more independent and effective board of Directors accelerates a firm's performance.

Balagobei and Velnampy (2017) assessed the relationship between ownership structure and financial performance of listed beverage food and tobacco companies for the period of 2010-2015. This study also examines the impact of ownership structure on financial performance. The sample consists of 10 listed beverage food and tobacco companies in Sri Lanka. In this study, data was collected from secondary sources and hypotheses are examined using Pearson's correlation and regression analysis. The results reveal that ownership concentration and foreign ownership structure are positively correlated with financial performance of listed beverage food and tobacco companies while institutional ownership structure isn't significantly correlated with financial performance. It is also found that there is a significant impact of foreign ownership structure on financial performance.

Ahmed and Hadi (2017) examined the impact of ownership structures on firm financial performance in the MENA region. The sample covers nine MENA countries (Egypt, Bahrain, Qatar, Kuwait, Tunisia, UAE, Morocco, Oman, and Jordan) for the year 2014. The impact of ownership structure on firm performance was examined. Performance is proxied using insider ownership, governmental and blockholders. The study control risk, size, country effect and industry type. Results suggest that blockholders, insider ownership and governmental ownership play a crucial role in firm performance measured by Tobin-Q, ROE, and ROA respectively. The results suggest that insider ownership negatively affects firm's return on equity, while blockholder ownership has a positive impact on a firm's Tobin-Q. Abosede and Kajola (2011) investigated ownership structure and firm performance: Evidence from Nigerian Listed Companies. This study examined the relationship between firms' ownership structure and financial performance in Nigeria, using a sample of thirty listed companies between 2001 and 2008. Using pooled OLS as a method of estimation and after controlling for four firm-specific characteristics, results show a negative and significant relationship between ownership structure (director shareholding) and firm financial performance (ROE). This is in support of Entrenchment hypothesis. Also, the study does not support a nonlinear relationship between ownership structure and firm performance.

Lawal, et al., (2018) examined the effect of ownership structure on performance of 28 listed insurance firms in Nigeria. From 2011 to 2016, data was collected from the annual report of 28 insurance firms listed on the Nigerian Stock Exchange for the period of 2011-2011-2016. The ex-post facto was employed by the study to examine the effect of ownership structure of performance of listed insurance firms in Nigeria. In addition to the descriptive statistics and correlation, multiple regression technique through panel data methodology was applied for model estimation. Data were subjected to pooled General Least Square, Fixed Effects, and Random Effects regression model to test the hypotheses of the study. Ownership structure proxied by managerial ownership, institutional ownership and ownership concentration was adopted as independent variables. Firm financial performance as the dependent variables was proxied by Book value per share. This study found ownership structure having a significant positive effect on the performance of the listed insurance firms except concentrated ownership with a negative effect.

## 2.4 Theoretical framework

Financial scholars have propounded various theories to explain financial performance of an organization. These theories include: agency theory by Jensen and Meckling (1976), stewardship theory by Donaldson and Davis (1991), resource dependence theory by Barney (1986) and stakeholder theory-ST by Freeman (1994) theory. However, this study is hinged on stakeholder theory (ST). Stakeholder theory challenges the primacy assumption of shareholder interests and advocates that a company should be managed in the interests of its entire stakeholder (Freeman, 1994). The theory is based on the assumption that values are necessarily and explicitly a part of doing business and that managers need to articulate the shared sense of value they create to bring its key stakeholders together. The stakeholder theory argues that managers should make decisions to take account of the interests of all stakeholders in a firm including not only financial claimants but also employees, customers, communities and governmental officials (Aymen, 2014).

### 3. Methodology

The study employed secondary data which was quantitative. Information on managerial ownership, employee ownership, private ownership and return on equity from 2010-2018 were obtained from the annual reports and accounts of the selected quoted firms on the NSE. The study sample included all the eighteen (18) food and beverages manufacturing companies in the population because of the relatively small size of the population. The study adopted panel regression with random and fixed effect to test the formulated hypothesis. The test was conducted using STATA 10 software package.

### 3.1 Variables Identification and hypotheses

Dependent variable: This study employs Return on Equity (RoE) as a proxy for financial performance because it is an important accounting-based and widely accepted measure of financial performance. It is the ratio of earnings to total equity and it measures

how well a company use investment to generate earnings growth. It is obtained by dividing profit after tax by total shareholders fund.  $RoE = \frac{\text{Profit after tax}}{\text{total shareholder's fund}}$ .

Independent variables: Three independent variables which are: managerial ownership (MO)-is the portion of company's equity/shares held by the management team or board of directors. Employee Ownership (EO) is the percentage of equity capital/shares in the hands of the employee. and third is Private Ownership (PO) which is the amount of the firm's equity capital spread among private individuals and firms.

In the pursuant of the objective of this work, four hypotheses were formulated to guide this study and analyzed using pooled regression, fixed and random effect model and Wu-Haussan test was employed to analyze the null hypothesis. The four hypotheses are as listed below:

**HO<sub>1</sub>:** There is no significant effect of managerial ownership on return on equity of quoted food and beverage firms in Nigeria.

**HO<sub>2</sub>:** There is no significant effect of employee ownership on return on equity of quoted food and beverage firms in Nigeria.

**HO<sub>3</sub>:** There is no significant effect of private ownership on return on equity of quoted food and beverage firms in Nigeria.

**HO<sub>4</sub>:** There is no significant combined effect of managerial, employee, and private ownership structure on return on equity of quoted food and beverage firms in Nigeria.

Figure 1 shows the conceptual framework that financial performance of the quoted food and beverages' firms is affected by managerial ownership, employee ownership and private ownership.

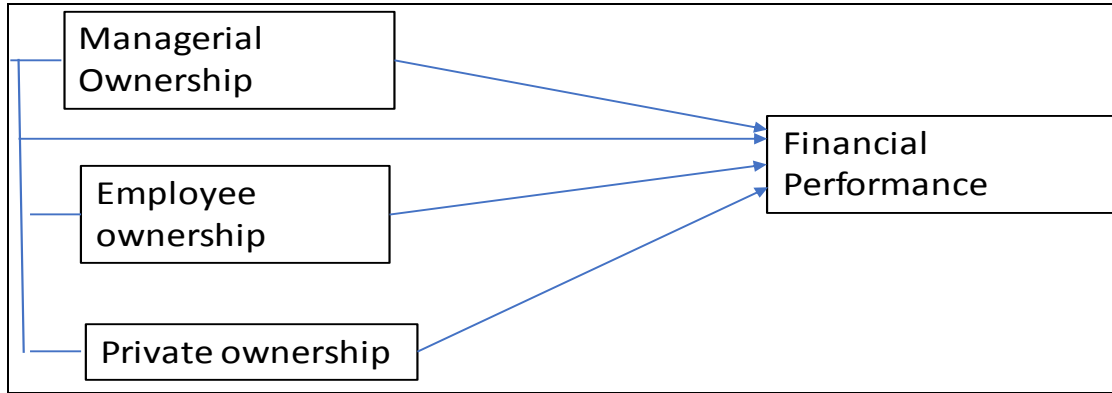


Fig. 1: Conceptual framework

The model for this study is constructed in line with the conclusion of Anis et al (2017). The model is specified below:

$$RoE_{it} = f(MO_{it}, EO_{it}, PO_{it}) \dots \dots \dots \text{equ. 1}$$

$$RoE_{it} = \alpha_0 + \alpha_1 MO_{it} + \alpha_2 EO_{it} + \alpha_3 PO_{it} + \mu_{it} \dots \dots \dots \text{equ. 2}$$

The study adopted panel regression with random and fixed effect to test the formulated hypothesis. The test was conducted using STATA 10 software package.

#### 4. Results and Findings

##### 4.1 Descriptive Statistics

Table1 presents the descriptive statistics for the variables in the study. The minimum and maximum values for return on equity (RoE) are 12.91% and 57.21% respectively with a mean and standard deviation of 25.16% and 1.73% respectively. The standard deviation of 1.73% implies that the data employed for this study deviate from the mean value from both sides by 1.73%. This means that there is a wide dispersion of the data from the mean because the standard deviation is higher than the mean value.

Table 1 also shows that the minimum and maximum values for management ownership (MO) are 14.52% and 21.03% respectively with mean and standard deviation of 18.28% and 6.18% respectively. The standard deviation of 6.18% implies that the data employed for this study deviate from the mean value from both sides by 6.18%. This means that there is a wide dispersion of the data from the mean because standard deviation is higher than the mean value.

The minimum and maximum values for employee ownership (EO) are 9.12% and 12.79% respectively with mean and standard deviation of 12.31% and 17.28% respectively. The standard deviation of 17.28% implies that the data employed for this study deviate from the mean value from both sides by 17.28. This means that there is a wide dispersion of the data from the mean because standard deviation is higher than the mean value.

Also, private ownership (PO) has maximum and minimum values of 1.10% and 3.30% respectively and mean value of 1.57%. The standard deviation for private ownership is 0.19%. This shows that the data deviate from the mean value from both sides by 0.19%. This means that there is a wide dispersion of the data from the mean because standard deviation is higher than the mean value.

From table 1, the skewness values for ROE, MO, EO and PO are negative and this implies that the distribution is negatively skewed. Also, ROE and MO are leptokurtic because their kurtosis values were greater than three (3), while EO and PO are platykurtic since their value is less than three (3) which implies that the variables produce fewer and less extreme outliers than those of the normal distribution. The Jarque-Bera values indicate the normality test for the variable which tests if the residuals are normally distributed. The Jarque-Bera values for all variables suggest that the residuals are normally distributed given the probability values.

**Table 1:** Descriptive Statistics of Variables

Descriptive Values	Variables	MO	EO	PO
	RoE			
Mean	0.2516	0.1829	0.1231	0.0157
Median	0.2312	0.1511	0.1062	0.0121
Maximum	0.5721	0.2103	0.1279	0.0330
Minimum	0.1291	0.1452	0.0912	0.0110
Std. Dev.	0.0173	0.0618	0.1728	0.0019
Skewness	-1.1093	-0.2910	-0.2911	-0.8910
Kurtosis	3.1973	3.0123	2.2190	2.1115
Jarque-Bera	12.8192	8.1022	6.7191	18.9012
Probability	0.8102	0.12091	0.2719	0.4923
Obs	162	162	162	162

**4.2 Correlation and Regression results**

The correlation matrix shows the association among the independent variables (management ownership, employee ownership and private ownership) and the criterion variable (return on equity). The summary of the associations among the variables of the study is presented in table below:

**Table 2.** Pearson correlation matrix

Variables	RoE	MO	EO	PO
RoE	1			
MO	0.6911	0.06120*	1	
EO	0.5918	-0.2891	1	
	0.0000*	0.0005*		
PO	0.3013	0.5723	0.2965	1
	0.0017*	0.5210*	0.0001*	

\*At 5% level of significance

Table 4.2 revealed that employee ownership (EO) and private ownership (PO) of the firms under the study were positively correlated with return on equity. The values of 0.5918 and 0.3013 of the variables indicated p-values of 0.0000 and 0.0017 that were significant at 5% respectively. In contrast, managerial ownership (MO) had positive relationship with return on assets that was not statistically significant ( $r = 0.6911$ ;  $p = 0.0612$ ,  $p > 0.05$ ).

The interaction of the independent variables among themselves showed that employee ownership and managerial ownership were negatively correlated among themselves ( $r = -0.2891$ ;  $p = 0.0005$ ,  $p < 0.05$ ). On the other hand, the relationship between managerial ownership (MO) and private ownership (PO) were positively and insignificantly related among themselves ( $r = 0.5728$ ;  $p = 0.5210$ ;  $p > 0.05$ ). Also, the result indicated that employee ownership and private ownership are positively and significantly related ( $r = 0.2965$ ;  $p = 0.0001$ ;  $p < 0.05$ ).

The result showed that some of the variables exhibited strong association while some exhibited low association. Overall, the relationship for the independent variables among themselves is not significant. This does not mean that multicollinearity exists among the independent variables of the study. This can only be assumed when the variance inflation factor and tolerance values are comparatively beyond the established rule of thumb. The tolerance value and variance inflation factor (VIF) are advanced measures for assessing harmful multicollinearity among independent variables. The variance inflation factor and tolerance values are determined with the use of STATA 10 and were found to be concurrently smaller than ten and one respectively, indicating the absence of harmful multi-collinearity. This, therefore, indicates the adequacy of fitting the model of the study with three independent variables.

**Table 3** Pooled Regression Model

Variables	Coefficient	Std. Error	T-statistics	Prob.
MO	0.039183	0.008192	4.783081	0.0621
EO	0.178292	0.201738	0.883780	0.0062
PO	0.067891	0.009221	7.362650	0.0052
R-Squared	0.671071	Mean dependent variable		9.291022
Adjusted R-Squared	0.618191	S. D. dependent variable		2.100557
S.E regression	1.288910	Sum Squared resid		517.9183
F-Stats.	5.102217	Durbin Watson		0.981178
Prob. (F-Stats)	0.000000			

\*At 5% level of significance

Table 4.3 showed the result of the pooled regression. The result revealed that the p-values of employee ownership and private ownership of 0.0062 and 0.0052 were significant at the 5% level of significant. Meanwhile, the p-value of managerial ownership of 0.0621 was not significant at 5% level.

**Table 4** Fixed Effect Model

Variables	Coefficient	Std. Error	T-statistics	Prob.
MO	0.481901	0.218974	2.200722	0.0525
EO	0.862729	0.372920	2.313443	0.0001
PO	0.778220	0.427811	1.819074	0.0007
<b>Weighted Statistics</b>				
R-Squared	0.745612	Mean dependent variable		11.89323
Adjusted R-Squared	0.728732	S. D. dependent variable		6.745190
S.E regression	1.298642	Sum Squared resid		521.8932
F-Stats.	6.892011	Durbin Watson		1.762211
Prob. (F-Stats)	0.000021			

The result of the fixed effect model is similar to that of the Pooled regression model. Precisely, only the managerial ownership remains insignificantly different from zero at the 5% level. Meanwhile, the R-squared and the adjusted R-squared of the fixed model shows a better fit of the model. It is clear from the t-statistics that the intercepts are all significantly different from zero at the 5% level of significance. This may not be at all surprising since the intercept terms may subsume the company variable, which was proven to be significant in the Pooled regression models.

**Table 5** Random Effect

Variables	Coefficient	Std. Error	T-statistics	Prob.
Constant	0.266458	0.033827	7.877080	0.0000
MO	0.281922	0.078256	3.602560	0.0031
EO	0.017181	0.006819	2.519577	0.0001
PO	0.015902	0.003892	4.085817	0.0026
<b>GLS Transformed Regression</b>				
R-Squared	0.560292	Mean dependent variable		10.51980
Adjusted R-Squared	0.559007	S. D. dependent variable		2.144560
S.E regression	1.490782	Sum Squared resid		513.9373
F-Stats.	5.902744	Durbin Watson		1.562819
Prob. (F-Stats)	0.009123			

The random effect model results differ quite significantly from that of the fixed-effect model. Although the managerial ownership (MO) variable remain to be significantly different from zero at the 5% level together with the intercept.

In the above two models of fixed effect and random effect models, the study has developed two estimators that have different properties depending on the correlation between  $\alpha_i$  and the regressors. Specifically, if the effects are uncorrelated with the explanatory variables, the random effects (RE) estimator is consistent and efficient. The fixed effects (FE) estimator is consistent but not efficient. However, if the effects are correlated with the explanatory variables, the FE estimator is consistent and efficient but the RE estimator is now inconsistent. Hence, it is natural to proceed by computing the Wu-Hausman test to identify which estimator is correct.

**Table 6:** Wu-Hausman Test

Variables	Coefficient	T-Values	P-Values	Tolerance	VIF
C	0.0275	2.90	0.010		
MO	0.0292	1.63	0.329	0.6729	2.13
EO	0.0619	2.19	0.001	0.7191	1.32
PO	0.0793	3.53	0.005	0.5280	1.24
R <sup>2</sup>			0.682		
Wald Chi <sup>2</sup>			32.91		
Prob. Chi <sup>2</sup>			0.000		

Table 6 shows that the functional relationship between the dependent and independent variables is:  $ROE = 0.0275 + 0.0292MO_{it} + 0.0619EO_{it} + 0.0793PO_{it} + \mu_{it}$

The table showed that managerial ownership has a positive insignificant impact on the return on equity of the listed food and beverages firms. This can be observed from the value of beta the coefficient of 0.0292 with a p-value of 0.329 indicating that the p-value was not statistically significant at 5%. This implies that managerial ownership as one of the proxies of ownership structure insignificantly affected the financial performance of listed food and beverage manufacturing firms in Nigeria. The result serves as a basis for accepting the first null hypothesis, which states that there was no significant effect of managerial ownership on return on equity. Hence, this study concluded that there was no significant effect of managerial ownership on return on equity.

It also revealed that employee ownership has a positive significant impact on financial performance as a proxy by return on equity of listed food and beverage firms in Nigeria. This can be seen from the value of the beta coefficient of 0.0619 with a p-value of 0.001 indicating that the p-value was statistically significant. This implied that employee ownership had a significant effect on the financial performance of the firms. The result provided sufficient evidence to reject the second hypothesis, which states that there was no significant effect of employee ownership on the return on equity of the food and beverage firms under the study. Hence, this study found that there was a significant effect of employee ownership on return on equity of food and beverage firms in Nigeria.

It was also shown that private ownership has a positive significant impact on financial performance as a proxy by return on equity of listed food and beverage firms in Nigeria. This can be seen from the value of the beta coefficient of 0.0793 with a p-value of 0.005 indicating that the p-value was statistically significant. This implied that private ownership had a significant effect on the financial performance of the firms. The result provided sufficient evidence to reject the third hypothesis, which states that there was no significant effect of private ownership on the return on equity of the food and beverage firms under the study. Hence, this study found that there was a significant effect of private ownership on return on equity of food and beverage firms in Nigeria.

The Wald Chi-square value of 32.91 showed the combined effect of managerial ownership, employee ownership and private ownership on return on equity. The p-value of 0.000 for the Wald Chi-square indicated that managerial ownership, employee ownership and private ownership had a significant

effect on return on equity. This form the basis through which the study rejects the fourth hypothesis which stated that “There was no significant combined effect of managerial ownership, employee ownership and private ownership on return on equity”. Hence, this study found that there was a significant combined effect of managerial ownership, employee ownership and private ownership on return on equity of food and beverage firms in Nigeria.

Results indicated that there was no significant effect of managerial ownership on return on equity. There was a significant effect of employee ownership on return on equity. There was a significant effect of private ownership on return on equity. There was a significant combined effect of managerial ownership, employee ownership and private ownership on return on equity.

## 5. Discussion

Based on the empirical analysis, this study concludes that both managerial, employee and private shareholding should be prioritized against ownership concentration by food and beverage firms in Nigeria as this can increase the financial performance of the sector under investigation. This confirms to economic criterion, and could be supported by the work of Akinleye, Olarewaju and Fajuyagbe (2012); they opined that an increase in managerial, employee and private ownership could lead to an increase in the financial performance of an organization due to positive effects shown by his empirical analysis. It is therefore concluded that, organization's financial performance is dependent upon its managerial, private and employee ownership structures as high managerial shareholding can stimulate management of an organization towards increased efficiency. Therefore, ownership by managers may be seen as a system of aligning the interests of managers with those of the shareholders in a way that enhances corporate performance.

However, this form of managerial ownership can also lead to entrenchment of managers, which is costly when they chose to pursue their self-interests against the interest of the organization. It has been argued that the overall effect of managerial ownership on firm performance depends on how well the entrenchment effect and incentive alignment are balanced (Kumar & Zatonni, 2017; Lawal, Agbi & Mustapha, 2018; Saidu, 2019; Yahaya & Lawal, 2018).

The findings therefore, suggest that when managers also double up as shareholders, they are motivated to work towards realization of the wealth creation

objective of the shareholders of whom they are part. On the other hand, managers who are not shareholders are more likely to engage in insider dealings as a way of enhancing their personal wealth and prestige. The private ownership which has also been identified in the study to have shown positive effect on firms' financial performance was as a result of the fact that private investors are more sophisticated than other shareholders because they are more professional regarding capital markets, industries, and businesses and they are better informed. Apart from that, private shareholders have higher capabilities in taking actions and can therefore monitor managers more effectively and less costly (Ogaluzor & Omesi, 2019).

## 6. Conclusion and Recommendation

From the findings of the study, the following conclusion was drawn guided by the objectives of the study. On the first objective, the result of this study shows that there was no significant effect of managerial ownership on return on equity. On the second objective, the result revealed that there was significant effect of employee ownership on return on equity. From the third objective, it was apparent that there is a significant effect of private ownership on return on equity. The result of the fourth objective shows that there was significant combined effect of managerial ownership, employee ownership and private ownership on return on equity.

From the conclusion drawn, it is imperative to recommend that: There is dire need to reasonably increase managers' shareholding of the quoted food and beverage firms in Nigeria as not only meant to increase the equity of the firms but as a way of motivating them towards increasing their operational efficiency. At the same time, the managers should be protected by the Board of Directors from unnecessary direct interference by other shareholders. The private ownership is one of the identified ownership structures that have proven empirically positive to firm's financial performance in this study. This was linked by the researcher to the fact that private owners frequently deploy their professionalism and wealth of experience to the firms towards meeting corporate goals. Therefore, the private ownership should be increased against concentrated ownership for better performance. Stock Exchange Commission as a regulatory body should encourage potential managers to invest more in any company in the food and beverage industry to enable them manage the firm well as their funds are invested in the firm. Stock Exchange Commission should ensure that potential private investors are encouraged to invest

more as private ownership impact on financial performance of food and beverage firms in Nigeria to ensure that ownership structure impact on firm financial performance of quoted food and beverage firms in Nigeria.

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