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# THE IMPACT OF OWNERSHIP STRUCTURE ON FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

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## ABSTRACT

*This research examined the impact of ownership structure on the financial performance of listed consumer goods firms in Nigeria. The study adopted a correlational research design and covered a population of twenty-one consumer goods firms listed on the Nigerian Exchange (NGX). From this, a sample of sixteen (16) firms was selected based on the fulfillment of two eligibility criteria over a ten-year period (2015–2024). To analyze the data, the study employed descriptive statistics, correlation analysis, and multiple regression techniques. The findings revealed that ownership structure specifically institutional ownership, managerial ownership, and foreign ownership has an insignificant effect on the financial performance of the selected firms, as measured by Return on Assets (ROA). The results suggest that the structure of firm ownership, while theoretically relevant to corporate governance and performance outcomes, may not be a critical determinant of financial performance within the Nigerian consumer goods sector. This may be due to passive involvement of shareholders, weak enforcement of governance mechanisms, or overriding economic and regulatory constraints affecting firm performance. In light of these findings, it is recommended that the management of listed consumer goods firms in Nigeria should shift focus from mere ownership restructuring and instead invest in strengthening internal corporate governance practices, operational efficiency, managerial accountability, and strategic innovation. Firms should also foster active engagement with shareholders, enhance transparency in financial reporting, and align strategic objectives with long-term value creation. Additionally, policymakers and regulators should support reforms that improve the institutional environment to make ownership mechanisms more impactful in driving firm performance.*

***Key words:*** *Consumer Goods Firms, Nigeria, Ownership Structure, Performance.*

## INTRODUCTION

Firms are not only varying in size and industry but also in their ownership. Some are owned by just one person or a small group of people, some are owned by large numbers of shareholders, some are owned by management and some are even owned by foreigners.

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Owners constitute an essential part of the decision-making process due to their economic stake in the firm as well as influence they exert on the company (Musa et al., 2023). However, the traditional approach to corporate governance has typically ignored the unique influence that firm owners exert on the board, and by extension, the top management in making firms decisions (Nganga, 2017). Furthermore, the ownership structure of firms has long been recognized as a critical determinant of financial performance. However, the specific effect of ownership configuration whether institutional, managerial, foreign, or concentrated ownership on financial outcomes in listed consumer goods firms in Nigeria has not been thoroughly explored. This is particularly concerning given the vital role of the consumer goods sector in Nigeria's economy and its contribution to employment, GDP, and overall economic growth.

Many large companies are not run by the people who own them; hence, because there are different interests between the investors as suppliers of finance to corporations and the management of the companies. Jensen and Meckling (1976) referred to this as agency theory, a theory of the corporate ownership structure. 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), this creates a conflict of interest as self-serving managers make decisions that benefit them rather than the company owners or shareholders. This situation is exacerbated by information asymmetry because company managers possess a higher degree of knowledge about the business activities they supervise, when managers use employer information for personal gain. The event is considered a case of managerial opportunism. This managerial opportunism, in which managers seek self-interest through deceit, can prevent maximization of shareholder wealth. (Jensen & Meckling, 1976) defined ownership structure as capital commitments, which involves inside investors (director or manager) and outside investors (debt and equity holder).

Ownership structure is one of the core mechanisms of corporate governance. It is widely referred to the type of shareholder in a firm, which may influence firm's decision. Firms ownership structure is composed of investors, financial institutions, international firms (foreign ownership) mutual fund, block holders, family members and managers. According to (Ttaufil & Musallam, 2024), ownership can be grouped into either a widely held firm or a firm with controlling shareholders or concentrated ownership. Every firm has its unique set of strategies for building its ownership structure. Normally, the type of ownership structure a firm decides to adopt is engineered by the vision of the company. The ownership structure

has huge impact on firm's corporate performance and it is the foundation of the corporate governance structure decision.

According to (Jensen & Meckling, 1976), ownership structure is the distribution of equity with regard to votes and capital as well as the identity of the equity owners. These structures are of major importance to corporate governance because they determine the incentives for managers and thereby the economic efficiency of the corporations they manage. Ownership structure can also be formed through capitalization which can be obtained through retained earnings, loans from banks, venture capital or going public. Each of these possibilities has its own advantages and disadvantages (Stulz, 1999). Ownership structure concerns the internal organization of business entity, the right and duties of individuals or organizations that are holding a legal or equitable interest in that business. For organizations to attain excellence, it is always imperative to inculcate a culture of ownership structures because it is one of the critical factors to career success (Ghosh, 2024). Wealth maximization of shareholders is the primary objective of a firm, which is highly relied on decisions made by the owners.

Financial performance is a subjective evaluation of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's general financial health over a given period of time, and can be used to compare similar firms within the same industry or to compare industries or sectors in aggregate (Sasseela & Thirunavukkarasu, 2017). Therefore, it is crucial to note that there is a direct link between ownership structure and financial performance of a firm, in the same that the financial performance of every firm is mostly depended on the strategic decisions carefully designed and taken by the owners. It is in the light of this that this study intends to assess the effect of ownership structure on financial performance of listed consumer goods in Nigeria. Despite numerous reforms aimed at improving corporate governance and financial performance, many Nigerian firms continue to grapple with issues such as inefficiency, poor profitability, and a lack of competitiveness. Ownership structures in these firms may either exacerbate or mitigate these challenges. For instance, concentrated ownership could lead to conflicts of interest and resource misallocation, while dispersed ownership might result in weak oversight and managerial inefficiency. Additionally, the growing influence of foreign and institutional investors raises questions about their impact on financial stability and performance.

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Existing studies have often focused on developed economies or broader sectors, leaving a gap in understanding the unique dynamics within Nigeria's consumer goods sector. Furthermore, there is limited empirical evidence on the specific ways, ownership structure impacts financial performance metrics such as profitability, liquidity, and market valuation. In light of these gaps, this study seeks to examine the effect of ownership structure on the financial performance of listed consumer goods firms in Nigeria, providing insights that can inform policymakers, investors, and corporate managers on strategies to optimize performance through effective ownership configurations studies have been conducted in both Nigeria and outside Nigeria. Studies have been conducted in both Nigeria and outside Nigeria.

At the local level, the studies that evaluate the impact of ownership structure on financial performance includes: Adeyemi and Olowu (2024), Balogun and Nwachukwu (2024), Eneh et al. (2024), Odum and Umejiaku (2024), Sasa et al. (2024), Abdul et al. (2023), Bamidele and Hassan (2023), Eze and Mohammed (2023), Musa et al.(2023) and Oshim et al.(2023), At the foreign level studies conducted by Smith and Johnson (2024), Williams and Carter (2023), Müller and Schmidt (2022), Nguyen et al. (2021), Davis and Green (2020) focused on the role of foreign ownership on financial performance on listed consumer good firms in Nigeria. While numerous studies have examined the relationship between ownership structure and financial performance, much of the existing research has centered on financial institutions, conglomerates, or multinational corporations. For example, Adeyemi and Fagbemi (2023) explored ownership concentration in the banking sector, while Okoro and Ibrahim (2022) analyzed institutional ownership in diversified firms. Although these studies offer valuable insights, their focus does not adequately capture the specific dynamics of the consumer goods sector in Nigeria. This sector is characterized by high consumer sensitivity, fluctuating input costs, and intense market competition, factors that may interact uniquely with different ownership structures. As such, there remains a gap in literature concerning how diverse ownership patterns influence financial outcomes specifically within listed consumer goods firms in Nigeria.

This study seeks to fill that gap by focusing on the impact of ownership structure, such as managerial, institutional, foreign, and government ownership, on the financial performance of listed consumer goods firms in Nigeria. By narrowing the focus to this sector, the research aims to uncover sector-specific ownership-performance relationships that are often overlooked in broader studies. The goal is to provide context-driven insights that reflect the

realities of consumer goods firms operating within Nigeria's economic and regulatory environment.

**Objectives**

This study investigates the impact of ownership structure on financial performance of listed consumer goods firms in Nigeria. The specific objectives are to:

1. examines the relationship between institutional ownership and financial performance of listed consumer goods companies in Nigeria.
2. determines the impact of managerial ownership on financial performance of listed consumer goods companies in Nigeria.
3. access the impact of foreign ownership on financial performance of listed consumers goods companies in Nigeria.

## LITERATURE REVIEW

### Financial Performance

Financial performance is an estimate of a company's policies and operations in monetary terms. It is a popular way of examining a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Nguyen et al. (2021) defines financial performance as measuring the results of a firm's policies and operations in monetary terms and these results are reflected in the firm's return on investment, return on assets, value added among others. Previous studies have measured financial performance through Return on Asset (ROA), Return on Equity (ROE), Return on Capital Employed (ROCE), and Return on Investment (ROI) among others. These indicators are widely accepted and commonly employed in the literature to evaluate financial performance and operational efficiency of firms. However, for the purpose of this paper, Return on Assets (ROA) was used because it offers a comprehensive measure of how effectively a firm utilizes its total assets to generate earnings, regardless of the capital structure. Unlike ROE, which is influenced by financial leverage, or ROI and ROCE, which may focus more narrowly on specific investment or capital components, ROA provides a more holistic view of the firm's operational efficiency across all asset holdings. Moreover, ROA is particularly suitable in contexts where firms have varying levels of debt and equity, as it allows for cross-sectional comparability. Given that this study aims to assess ownership structure in relation to financial performance. Hence, ROA is deemed a more appropriate and consistent proxy for financial performance.

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**Ownership Structure**

Ownership structure refers to the composition and distribution of equity ownership in a firm, which determines the level of control and influence different shareholders have over corporate decisions. It plays a crucial role in shaping corporate governance, managerial incentives, and ultimately, the financial performance of firms. The structure of ownership in a firm can affect risk-taking behavior, investment decisions, and operational efficiency, making it a key factor in financial and strategic management. Several forms of ownership structures exist, but this study focuses on institutional ownership, managerial ownership, and foreign ownership, as they are the most relevant in the context of corporate governance and financial performance.

**Institutional Ownership**

Institutional ownership comprises shares held by large financial entities such as pension funds, insurance companies, mutual funds, and hedge funds. These investors are often seen as effective monitors of corporate governance, given their financial expertise and long-term investment focus. The role of institutional investors in corporate governance and firm performance has gained significant attention in recent years due to their growing influence in capital markets. Institutional investors play a critical role in reducing agency costs, as their presence compels managers to act in ways that enhance firm value. Their large shareholdings provide them with the power to influence managerial decisions, advocate for improved transparency, and reduce managerial opportunism. By actively monitoring management, institutional investors help to align corporate policies with shareholder interests, ensuring that companies operate in a way that maximizes shareholder value (Shleifer &Vishny, 2019).

In a nutshell, institutional ownership can be defined as the percentage of shares held by large financial institutions such as pension funds, mutual funds, investment firms, and insurance companies. Institutional investors are often considered sophisticated stakeholders who monitor management practices and influence corporate decisions. Their presence can enhance governance quality, reduce opportunistic managerial behavior, and improve firm performance by enforcing accountability.

$H_{01}$: *There is no significant relationship between institutional ownership and financial performance of listed consumer goods Companies in Nigeria.*

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**Managerial Ownership**

Managerial ownership refers to the proportion of a company's shares owned by its executives, directors, and other key management personnel. A higher level of managerial ownership can align the interests of managers with those of shareholders, reducing agency conflicts and improving financial performance. However, excessive managerial ownership can lead to managerial entrenchment, where managers prioritize personal benefits over shareholder's interests. Managerial ownership refers to the proportion of a firm's shares held by its executives and board members. This ownership structure has been widely studied in corporate governance literature, as it is believed to have significant implications for firm performance and decision-making. The presence of managerial ownership is theorized to influence financial performance through two contrasting perspectives: the alignment hypothesis and the entrenchment hypothesis.

Managerial ownership is a double-edged sword in corporate governance. While moderate levels of managerial ownership align managers' interests with those of shareholders and enhance firm performance, excessive ownership can lead to entrenchment and self-serving behavior. Firms must carefully structure managerial ownership levels to strike a balance between incentivizing managers and maintaining effective corporate governance. Policymakers and regulators should also ensure that corporate governance frameworks are robust enough to mitigate the risks associated with excessive managerial ownership while allowing firms the flexibility to benefit from its advantages.

*$H_{02}$: Managerial ownership has insignificant impact on the financial performance of listed consumer goods companies in Nigeria.*

**Foreign Ownership**

In term of foreign ownership, foreign ownership refers to equity stakes held by investors, corporations, or entities from outside the domestic market. It is associated with benefits such as improved access to international capital, advanced technology, and global best management practices. Foreign investors often demand high corporate governance standards, which can lead to better firm performance. However, firms with significant foreign ownership may also face risks related to exchange rate fluctuations, regulatory challenges, and potential conflicts between local and foreign stakeholders. Foreign ownership refers to the shareholding of a company owned by non-domestic investors. Foreign investors typically include multinational corporations, foreign hedge funds, and international asset management firms. The presence of foreign ownership is associated with improved corporate governance,

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increased financial transparency, and enhanced access to global markets (Sasa et al. (2024). In an increasingly globalized economy, foreign ownership has become a crucial aspect of corporate governance and financial performance.

The role of foreign ownership extends beyond financial performance to strategic decision-making. Foreign investors often bring a global perspective to business strategies, encouraging firms to adopt best practices and innovative approaches Nguyen et al. (2021). These investors influence corporate policies on risk management, capital structure, and investment decisions, which ultimately affect the long-term sustainability of firms. Despite these advantages, foreign ownership presents certain challenges. The liability of foreignness theory suggests that foreign investors may face difficulties in navigating local business environments, regulatory frameworks, and cultural differences, which can hinder their ability to exert effective control over firm operations (Zaheer & Nachum, 2019). Understanding local market dynamics is critical for foreign investors to achieve their intended financial and strategic objectives. In summary, foreign ownership influences stock market performance by affecting liquidity and price volatility. However, excessive foreign investor concentration may lead to overreliance on external capital flows, making firms vulnerable to external shocks.

*$H_{03}$: Foreign ownership has insignificant impact on financial performance of listed consumer goods companies in Nigeria.*

**Conceptual Framework**

The conceptual framework provides a structured representation of the relationship between ownership structure and financial performance in listed consumer goods firms in Nigeria. It outlines the key variables of the study and explains how they interact based on existing literature and theoretical foundations.

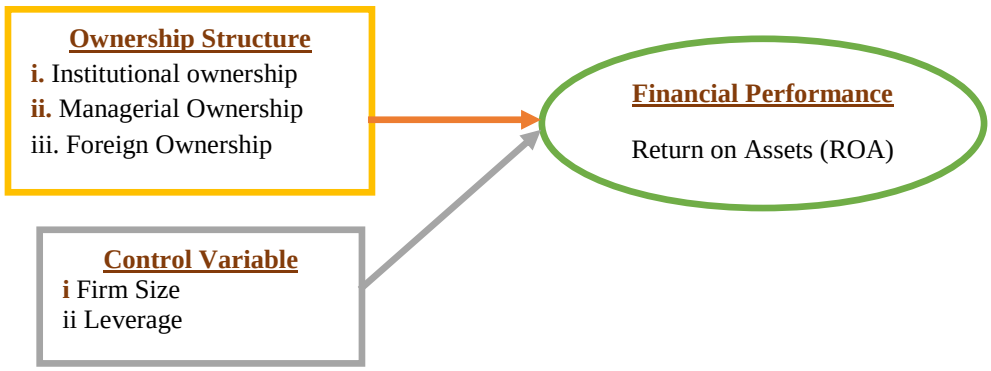


Figure 1: Conceptual Framework, (2025)

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From the Figure 1, ownership structure serves as the independent variable in this study. It is categorized into three main forms (Institutional Ownership, Managerial Ownership and Foreign Ownership). Financial performance is the dependent variable, reflects a firm's ability to generate profits, manage assets efficiently, and create value for shareholders. Return on Assets (ROA) was used as a measure how efficiently a firm utilizes its assets to generate profit for financial performance while firm size and leverage represents control variable.

**Empirical Review**

Ownership structure plays a vital role in determining a firm's financial performance. Various scholars have explored this relationship, particularly in the context of different economies, including Nigeria and other global markets. Adeyemi and Olowu (2024) examined the effect of institutional ownership on the financial performance of listed consumer goods firms in Nigeria. The study adopted a panel research design using data from 25 firms listed on the Nigerian Exchange Group between 2020 and 2024. Panel regression analysis was employed for data analysis. Institutional ownership served as the independent variable, while ROA and ROE were used as dependent variables. The study found a significant positive relationship between institutional ownership and financial performance. One of the limitations of this study is that it did not account for the influence of institutional investor engagement or activism.

Balogun and Nwachukwu (2024) assessed the combined influence of institutional, managerial, and foreign ownership on the financial efficiency of listed consumer goods firms in Nigeria. Data were collected from thirty (30) firms between 2018 and 2024 using a panel data approach. Structural equation modeling (SEM) was employed to analyze the data. All three ownership types were treated as independent variables, while ROA was the dependent variable. The study showed that foreign ownership had the most significant effect, followed by institutional and managerial ownership. One of the limitations of this study is that it relied solely on quantitative data, excluding qualitative insights into ownership behaviors.

Similarly, Ibrahim and Okechukwu (2024) explored the effect of foreign ownership on shareholder value in Nigerian consumer goods firms. The study covered 18 firms over the period of (2016 to 2024) employing random effect regression analysis. Foreign ownership was the independent variable, while Tobin's Q and ROE served as the dependent variables. The study revealed a significant positive impact of foreign ownership on financial

performance. One of the limitations of this study is that it did not consider external macroeconomic factors that could influence performance.

More so, Odum and Umejiaku (2024) investigated the effect of ownership structure on the financial performance of selected quoted consumer goods firms in Nigeria. The study adopted an ex-post facto longitudinal/panel research design. Data were collected from the annual reports of 15 consumer goods firms listed on the Nigerian Exchange Group over a 12-year period. Using Panel Ordinary Least Square (POLS) and Granger Causality techniques, the study explored the relationship between ownership structure variables (independent variables) and financial performance metrics such as return on assets (ROA), return on equity (ROE), net profit margin, and gross revenue (dependent variables). The findings indicated that ownership structure, when controlled by firm size, had no significant effect on the financial performance metrics examined. One limitation noted was the potential influence of unobserved variables not accounted for in the study.

Abdul et al. (2023) explored the effect of ownership structure and financial performance on listed manufacturing firms in Nigeria. This study looked at the ownership structure and financial performance of listed manufacturing companies in Nigeria. The Return on Asset was used as a proxy for the effect of the variables of the ownership structure on the financial performance of the company. A sample of 35 listed manufacturing companies was used for the study. The data was collected and analyzed from nine years of annual reports and accounts of selected sample manufacturing companies. The study found that institutional ownership has a positive and significant impact on financial performance. The study recommends that institutional owners continue to use their resources and expertise to exercise control over management abuse, which has the potential to negatively impact the performance of Nigeria listed manufacturing companies.

Bamidele and Hassan (2023) studied the effect of ownership structure on the financial sustainability of consumer goods firms in Nigeria. The research covered 28 firms from (2015 to 2023) and used a quantitative research approach. Institutional, managerial, and foreign ownership were the independent variables, while financial performance was measured using ROA and ROE. The study applied multiple regression analysis and found that foreign ownership had the most significant impact, followed by institutional ownership, while managerial ownership showed an insignificant effect. One of the limitations of this study is that it did not consider the moderating effect of firm size.

More so, Eze and Mohammed (2023) examined the relationship between institutional ownership and the financial performance of consumer goods firms listed on the Nigerian Stock Exchange. The study adopted a panel data methodology covering 22 firms between 2016 and 2023. Descriptive statistics and fixed effect regression models were used for analysis. Institutional ownership was the independent variable, while ROA and ROE were the dependent variables. The results showed a significant positive relationship between institutional ownership and financial performance. One of the limitations of this study is that it did not control for board independence and firm age.

In a similar study conducted by Musa et al. (2023) investigated the impact of ownership structures on financial performance. Business and company performance have been significantly impacted by the ever- changing economic conditions. In an environment characterized by volatility, uncertainty, and rapid shifts in market dynamics, effective management becomes crucial. The research aimed to identify which aspects of management have the most significant impact on the financial success of a business. The study specifically focused on three key factors: management ownership, institutional ownership, and financial performance. Management ownership refers to the extent to which company executives and managers hold shares in the business, which can influence their decision-making and commitment to the company's success.

Oshim et al. (2023) examined corporate governance and financial performance of listed Consumer goods firms in Nigeria. The study investigated corporate governance and financial performance of listed consumer goods firms in Nigeria. The specific objectives of the study were to examine the relationship between board size, board independence, board meetings, and return on assets of consumer goods firms in Nigeria. The study adopted ex-post facto research design and secondary data were extracted from the annual reports of sampled consumer goods firms for the period (2015 to 2023). Correlation technique was used for the test of hypotheses. Findings showed that, board size does not have a strong relationship with return on assets (ROA) of listed consumer goods firms in Nigeria with correlation coefficient of -0.3815. On the other hand, board independence does not have a strong relationship with Return on Assets (ROA) of listed consumer goods firms in Nigeria with correlation coefficient of 0.2753. However, board meetings do not have a strong relationship with return on assets (ROA) of listed consumer goods firms in Nigeria with correlation coefficient of -0.3904. This

implies that none of the corporate governance mechanism studied can be influence return on assets of consumer goods firms in Nigeria.

The majority of the studies mentioned above indicate that there is a significant relationship between ownership structure mechanisms and financial performance in both developed and developing countries. These findings suggest that ownership structure which includes elements such as institutional shareholding, managerial ownership, and ownership concentration is a major determinant of a firm's financial outcomes. A well-defined ownership structure can enhance oversight, reduce agency conflicts, and align the interests of managers and shareholders, thereby improving decision-making and operational efficiency. For instance, concentrated ownership may exert stronger monitoring influence, while dispersed ownership could weaken governance control. Therefore, understanding the composition and dynamics of ownership is critical in evaluating firm performance, particularly in environments where corporate governance institutions are still evolving. This paper builds upon these findings by further exploring how ownership structure interacts with financial performance metrics such as Return on Assets (ROA), offering insights into the extent to which governance mechanisms contribute to sustainable financial performance.

## MATERIALS AND METHOD

The study examined the influence of ownership structure on financial performance of listed consumer goods firms in Nigeria for a period of ten (10) years (2015-2024). For the purpose of this study, correlational research design was employed to determine the impact of explanatory (ownership structure and control) variables on the dependent variable (financial performance) of the study. The population of this study comprised twenty-one (21) listed consumer goods firms on the Nigeria Exchange Group (NGX) as at 31st December, 2024. Table 1 presents the population of this study.

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Table .1 Population

| S/No. | Name of Company | Year of Incorporation | Year of Listing | Sample Size |
|---|---|---|---|---|
| 1. | BUA Foods Plc. | 2005 | 2022 | Nil |
| 2. | Cadbury Nigeria Plc. | 1965 | 1976 | 1 |
| 3. | Champion Breweries Plc. | 1974 | 1983 | 2 |
| 4. | Dangote Sugar Refinery Plc. | 2005 | 2007 | 3 |
| 5. | DnTyre& Rubber Plc. | 1961 | 1974 | Nil |
| 6. | Flour Mills of Nigeria Plc. | 1960 | 1978 | 4 |
| 7. | Golden Guinea Breweries Plc. | 1962 | 1979 | Nil |
| 8. | Guinness Nigeria Plc. | 1950 | 1965 | 5 |
| 9. | Honeywell Flour Mill Plc. | 1985 | 2009 | 6 |
| 10. | International Breweries Plc. | 1971 | 1995 | 7 |
| 11. | McNichols Plc. | 2004 | 2009 | Nil |
| 12. | Multi-Trex Integrated Foods Plc. | 1999 | 2010 | Nil |
| 13. | Northern Nigeria Flour Mills Plc. | 1971 | 1978 | 8 |
| 14. | Nascon Allied Industries Plc. | 1973 | 1992 | 9 |
| 15 | Nestle Nigeria Plc. | 1961 | 1979 | 10 |
| 16. | Nigerian Breweries Plc. | 1946 | 1973 | 11 |
| 17. | Nigerian Enamelware Plc. | 1960 | 1979 | 12 |
| 18. | PZ Cussons Nigeria Plc. | 1948 | 1972 | 13 |
| 19. | Unilever Nigeria Plc. | 1923 | 1973 | 14 |
| 20. | Union Dicon Salt Plc. | 1991 | 1993 | 15 |
| 21 | Vitafoam Nigeria Plc. | 1962 | 1978 | 16 |

Source: NGX Official website (www.ngxgroup.com), 31st December, 2024.

For a company to qualify as sample for the study, the following criteria were established: (i) the firm must have been in operation for the whole periods of study (2015 to 2024), (ii) the firm must remain quoted without being delisted between the periods covered. As a result of these two filters, the number of the companies in the population was reduced to sixteen (16) out of the twenty-one (21) listed on the NGX. BUAFoods Plc, DnTyre & Rubber Plc, Golden Guinea Breweries Plc, McNichols Plc, and Multi-Trex Integrated Foods Plc do not meet the one or two criteria because BUA Foods Plc was listed on NGS in 2020 and other four firms, their annual financial reports were not complete as the period of gathering the data. Table 2 presents the variables of the study and their measurement.

Table 2: Variables and their Measurements

| S/N | Names | TAG | Variables | Measurement | Sources |
|---|---|---|---|---|---|
| 1 | Financial Performance | ROA | Dependent | Earnings before tax divided by total asset. | Adeyemi and Olowu (2024), Balogun and Nwachukwu (2024), Eneh et al. (2024) and Odum and Umejiaku (2024). |
| 2 | Institutional Ownership | INSO | Independent | Percentage of total equity ownership by total numbers | Balogun and Nwachukwu (2024), Abdul et al. (2023), Bamidele and Hassan |

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| | | | | | |
|---|---|---|---|---|---|
| | | | | of shares outstanding | (2023) and Eneh et al. (2024). |
| 3 | Managerial Ownership | MO | Independent | Total managerial equity ownership divided by total equity share capital. | Balogun and Nwachukwu (2024), Eneh et al. (2024), Odum and Umejiaku (2024), Sasa et al. (2024) and Abdul et al. (2023). |
| 4 | Foreign Ownership | FO | Independent | Proportion of shares held by foreigners divided by total share 0utstanding | Hamadi and Heinen (2019), Abdul et al. (2023) and Bamidele and Hassan (2023). |
| 5 | Firm Size | FSIZE | Independent | Natural logarithm (Ln) of total asset. | Balogun and Nwachukwu (2024), Eneh et al. (2024), Adeyemi and Olowu (2024) and Sasa et al. (2024). |
| 6 | Leverage | LEV | Independent | Total debt divided total assets | Umejiaku (2024), Sasa et al. (2024) and Bamidele and Hassan (2023). |

Sources: Generated by Researcher from Literature Reviewed

The model used in this study was adapted from the framework of Adeyemi and Olowu (2024), Balogun and Nwachukwu (2024), Eneh et al. (2024), Odum and Umejiaku (2024), Sasa et al. (2024) and Bamidele and Hassan (2023) where they ascertained the influence of ownership structure on financial performance of listed consumer goods companies in Nigeria with modifications as presented below. A multivariate regression equation was set up to test the hypotheses formulated in section one this study which is to access the impact of ownership structure on financial performance. To test the three hypotheses, the study estimated the following regression equations.

$ROA_{it} = a + \beta_1 IO_{it} + \beta_2 MO_{it} + \beta_3 FO_{it} + \beta_4 FS_{it} + \beta_4 LEV_{it} + \varepsilon$ ..... Eqn 1.

Where:

a = Constant term

$B_1$–$\beta_5$ = Coefficients of the independent variables

$ROA_{it}$= Return on Assets of firm "i' in year "t".

$IO_{it}$ = Institutional ownership of firm "i' in year "t".

MOit = Managerial ownership of firm "i' in year "t".

$FO_{it}$ = Foreign ownership of firm "i' in year "t".

$FS_{it}$ = Firm Size of firm "i' in year "t".

$LEV_{it}$ = Firm Size of firm "i' in year "t".

e = Random error term

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## RESULT AND DISCUSSIONS

This section presents the result of data analysis that includes descriptive statistics, correlation matrix and regression results

### Descriptive Statistics

The descriptive statistics describe the data generated on the dependent and explanatory variable of the study. It provides summary statistics of the variable such as observation, mean standard deviation, minimum and maximum of both dependent and explanatory variables. The descriptive statistics of the study variable is presented in Table 4.

Table 3 Descriptive Statistics

| Variable | Obs. | Mean | StdDev | Min | Max |
|---|---|---|---|---|---|
| ROA | 160 | 0.0745 | 0.1009 | -0.1894 | 0.3681 |
| IO | 160 | 0.6385 | 0.1930 | 0.0384 | 0.9154 |
| MO | 160 | 0.0523 | 0.1472 | 0 | 0.7409 |
| FO | 160 | 0.4385 | 0.3148 | 0 | 0.8729 |
| FS | 160 | 10.7334 | 0.6437 | 9.2405 | 11.7933 |
| LEV | 160 | 0.1514 | 0.1668 | 0 | 0.6999 |

Source: STATA 14Version Output, 2025

The descriptive statistics for the given variable Return on Asset (ROA), Ownership Structure (OW), provide insight into their distribution across 160 observations. ROA has 0.0745 with standard deviation of 0.1009 indicating that, on average, firms have a return on assets of approximately 7.4% with consideration variability around this value. The minimum of -0.1894 suggest that some firms experience significant losses, while the maximum of 0.3681 indicate the highest recorded profitability. Table 3 shows that Institutional Ownership (IO) has a mean 0.6385 and standard deviation of 0.1930, revealing an average institutional ownership of 63.85%, but with range spanning from a minimum of 0.0384to maximum of 0. 9154. This large variability could be due to ownership structure and losses carried forward among the firm.

Furthermore, MO also exhibits variation, with a mean of 0.0523 and standard deviation 0.0147. The value ranges from 0 and 0.7409, indicating that the percentage if shares held by managerial ownership are on average 5.2% and the standard deviation value indicate that managerial ownership of the sampled firms deviate from mean. More so, Foreign Ownership (FO), has a mean 0.4385 and standard deviation 0.3148 indicating that an average, of 43.86% of equity in the sampled firms. The standard deviation is 0.3149, showing considerable dispersion. Some firms have no foreign ownership, while others have foreign investors

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holding up to 87.29%. Likewise, firm Size (FS), expressed in logarithm and has a mean of 10.7334, with a relatively low standard deviation of 0.6437. The values range from 9.24 to 11.79, indicating that the firms are generally large but with some variation in size. Leverage (LEV) has a mean 0.1514, and a relative low standard deviation of 0.1668, this mean that some firms are more highly leveraged than others.

**Correlation Analysis**

Table 4 displays the correlation matrix which shows the direction of the relationship between the dependent variable and the independent variable. Pearson's correlation is used to assess the relationship between this variable.

Table 4 Correlation Matrix

| Variables | ROA | IO | MO | FO | FS | LEV |
|---|---|---|---|---|---|---|
| ROA | 1.0000 | | | | | |
| IO | -0.0344 | 1.0000 | | | | |
| MO | -0.1211 | 0.1841 | 1.0000 | | | |
| FO | -0.2064 | 0.2504 | 0.1613 | 1.0000 | | |
| FS | 0.2097 | 0.0947 | 0.0917 | 0.3985 | 1.00000 | |
| LEV | -0.1074 | -0.4182 | 0.21900 | 0.1823 | 0.1823 | 1.0000 |

**Source:** STATA 14 Version Output, 2025

Table 4 shows the correlation result of dependent variable Institutional Ownership (IO), Managerial Ownership, ROA, between Institutional Ownership (IO) and ROA is negative, indicating that an increase in institutional ownership is associated with a slight decrease in firm performance as measured by ROA, although the relationship appears weak. Similarly, Managerial Ownership (MO) also has a negative relationship with ROA, suggesting that an increase in managerial ownership may lead to reduced firm performance. This could imply potential entrenchment behavior, where managers prioritize personal interests over shareholders.

Furthermore, the relationship between Foreign Ownership (FO) and ROA is also negative. This implies that foreign investors might not be contributing significantly to operational efficiency or profitability, possibly due to unfamiliarity with local market dynamics or governance challenges in the local context. Lastly, Firm Size (FS) has a positive relationship with ROA. This means that larger firms tend to perform better in terms of asset utilization, possibly due to economies of scale and better access to resources. However, leverage (LEV) shows a negative relationship with ROA, suggesting that highly leveraged firms may face higher financial burdens, which adversely affects profitability.

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**Multiple Regression Analysis**

This presents regression analysis results that are used in examining the impact of the explanatory variable on the dependent variable that would help in testing the hypotheses formulated in chapter one of this study. Table 5 present the result random of effect regression of the study.

Table 5 Regression Analysis

| ROA | COEF | STD. | Z-value | P>\|Z\| |
|---|---|---|---|---|
| IO | 0.0296 | 0.0510 | 0.58 | 0.562 |
| MO | -0.0044 | 0.0785 | -0.06 | 0.955 |
| FO | -0.0496 | 0.0576 | -0.86 | 0.389 |
| FS | -0.0241 | 0.0231 | -1.04 | 0.297 |
| LEV | -0.0254 | 0.0512 | -0.50 | 0.619 |
| CONS | 0.3407 | 0.2464 | 1.38 | 0.167 |
| $R^2$ Within | 0.0933 | | | |
| $R^2$ Between | 0.2638 | | | |
| $R^2$ Overall | 0.0802 | | | |
| OBS | 150 | | | |
| Prob> chi2 | 0.0245 | | | |
| Hausman | 0.0034 | | | |
| LM RE | | | | 0.0000 |

Source: STATA 14 Version Output

Table 5 shows that the R-squared overall value is 0.0802, which implies that 8% of the variation in ROA is explained the model, why the remaining 92% is due to other factors not included in the analysis this suggest a moderate level of explanatory power. The p-value of 0.0245 indicates that the overall modern is significant at the 5% level. This means the combination of IO, MO, FO, FS and LEV has a meaningful collective influence on financial performance, even though some individual predictors are not significant on their own. Table 5 shows that Institutional Ownership (IO), Managerial Ownership (MO), and Foreign Ownership (FO) proxies of ownership structure mechanisms do not significantly affect the financial performance of listed consumer goods firms in Nigeria, as measured by Return on Assets (ROA). This implies that, within the Nigerian consumer goods sector, variations in these forms of ownership may not play a decisive role in influencing how efficiently firms utilize their assets to generate earnings.

The insignificance of these ownership variables suggests that other factors such as market dynamics, regulatory environment, internal management capabilities, or macroeconomic conditions may have a more pronounced impact on firm performance. It also reflects the possibility that the mere presence of institutional or foreign investors does not automatically translate into effective governance or performance improvements, particularly in contexts

where enforcement of shareholder rights and corporate transparency may be weak or inconsistent. Therefore, enhancing financial performance may require broader reforms beyond ownership restructuring, such as strengthening corporate governance practices, managerial competencies, and operational efficiency.

Moreover, the insignificant impact of ownership structure comprising institutional ownership, managerial ownership, and foreign ownership on the financial performance of listed consumer goods firms in Nigeria aligns with the findings of Odum and Umejiaku (2024) and Bamidele and Hassan (2023), who similarly observed no statistically significant relationship in their analyses. However, this outcome contradicts the conclusions drawn by Adeyemi and Olowu (2024), Balogun and Nwachukwu (2024), Ibrahim and Okechukwu (2024), Abdul et al. (2023), and Eze and Mohammed (2023), who reported that various forms of ownership structure exert a significant influence on firm performance, often enhancing profitability, efficiency, or shareholder value. Based on the hypotheses stated earlier in this study, the results suggested that three hypotheses were failed to reject as shown in Table 5 result.

The insignificant result observed in this study may be attributed to several contextual and structural factors. First, the level of active involvement and influence exerted by institutional and foreign investors in Nigerian consumer goods firms may be relatively passive, limiting their ability to enforce governance changes or influence strategic decisions. Second, managerial ownership in these firms may be too minimal to align managerial interests effectively with shareholder objectives, thereby diluting its impact on performance. Third, institutional voids, weak enforcement of corporate governance codes, and limited transparency in ownership disclosures may undermine the theoretical advantages associated with diversified ownership structures. Finally, external pressures such as economic volatility, inflation, foreign exchange instability, and regulatory inconsistencies in Nigeria may overshadow any potential benefits derived from ownership configuration, thereby reducing its observable effect on firm-level financial outcomes.

## CONCLUSION AND RECOMMENDATION

This study examines the impact of ownership structure on financial performance of listed consumer goods companies in Nigeria. The results show that ownership structure mechanism (institutional ownership, managerial ownership, and foreign ownership) has insignificant effect on financial performance of the listed consumer goods companies in Nigeria. The empirical results reveal that none of the ownership structure mechanisms considered in the

study exert a statistically significant effect on financial performance. These findings suggest that, within the Nigerian consumer goods sector, variations in ownership patterns do not meaningfully enhance or diminish operational efficiency or profitability. This may reflect a weak governance environment, limited active engagement by institutional or foreign shareholders, or overriding macroeconomic and firm-specific challenges that dilute the impact of ownership configuration.

Based on the findings, the study recommends that:

i. management of listed consumer goods firms in Nigeria should adopt proactive strategies that go beyond ownership restructuring to enhance financial performance. This includes implementing robust internal control systems, fostering transparent financial reporting, and aligning corporate goals with long-term value creation rather than short-term profitability. Management should also prioritize capacity building and leadership development, ensuring that decision-makers possess the strategic insight and technical competence to navigate the dynamic economic landscape.

ii. Furthermore, managers should actively engage with shareholders including institutional and foreign investors to foster collaborative governance and improve accountability. By cultivating a culture of trust and inclusivity in financial decision-making, firms can benefit from diversified perspectives that may lead to more innovative and financially sound outcomes. In an increasingly competitive and complex business environment, strategic agility, operational efficiency, and governance responsiveness are essential levers for achieving sustainable financial success.

iii. Regulatory authorities and corporate boards should move beyond structural ownership considerations and focus on strengthening governance mechanisms, including transparency, accountability, and managerial competence, to drive performance. Institutional and foreign investors should be incentivized to play more active roles in the oversight and strategic direction of the firms they invest in, rather than remaining passive financiers.

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