

Ownership Structure and Firm Performance – Evidence from the Listed Companies in Bangladesh

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Abstract

This study investigates the effect of ownership structure on the financial performance of 59 listed manufacturing companies across eight sectors. The analysis utilizes descriptive statistics, correlation, and regression methods. The findings reveal that Sponsor Ownership and Firm Age have a significant positive impact on firm performance, as measured by Return on Assets (ROA) and Return on Equity (ROE), with Sponsor Ownership significant at the 1% level and Firm Age at the 10% level. In contrast, Public Ownership, Institutional Ownership, Government Ownership, Foreign Ownership, Firm Size, Firm Leverage, and Industry Type show no significant relationship with financial performance. The paper acknowledges certain limitations and underscores the role of institutional and government ownership in fostering improved firm performance. Finally, it offers suggestions for further research on the topic to explore other variables that might influence firm performance in different contexts.

Keywords: Ownership structure, Firm performance, Listed manufacturing companies.



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1. Introduction

Corporate performance, particularly financial performance, has long been a focal point of research across the globe. Among these studies, many have concentrated on investigating the relationship between ownership structure and firms' financial outcomes (Belkhir, 2009; Arosa et al., 2010; Molla et al., 2012; Al-Matari et al., 2013; Li et al., 2015; Elvin & Hamid, 2016; Ducassya & Guyot, 2017; Alabdullah, 2018; Rashid, 2020; Iwasaki et al., 2022). Ownership concentration, especially large blockholding, has been seen as a potential mechanism to curb managerial opportunism. However, blockholders can also exploit their controlling power to advance their own interests, which may harm the overall firm performance (Jensen, 1993; Li et al., 2015).

Institutional investors, owing to their expertise and the significant power granted by large shareholdings, can have a considerable influence on managerial decision-making and, in turn, on company performance (Alipour, 2013; Shleifer & Vishny, 1986; Mallin & Ow-Yong, 2012; Colpan & Yoshikawa, 2012). However, it has been suggested that institutional investors may not always actively engage in their oversight roles. When dissatisfied with a company's performance, they may simply exit the market by selling their shares (Mallin, 2007).

The government can also play a crucial role in fostering good corporate governance in any economy. However, unlike businesses, the government pursues political and social goals (Phung & Mishra, 2016), which may negatively affect a company's financial performance (Amin & Haq, 2022; Hoang et al., 2017).

Director ownership is another area of interest, with research suggesting that directors' personal investments in their companies may positively impact firm performance. Directors are more likely to mitigate agency problems and focus on improving profitability due to their direct financial stake in the company (Rashid, 2020). While some studies have explored the impact of director ownership on firm performance, findings have been mixed (Muttakin et al., 2012; Kao et al., 2019).

Foreign ownership constitutes a significant source of capital that can affect corporate performance. Multinational investors typically seek well-performing firms, and corporations are motivated to ensure continuous growth to attract

and retain foreign investment. However, previous studies have reported varied results concerning the relationship between foreign ownership and firm performance (Alabdullah, 2018; Tsegba & Ezi-Herbert, 2011).

In emerging economies like Bangladesh, much of the prior research has focused on the influence of director ownership on firm performance (Sobhan, 2021; Habib, 2016; Muttakin et al., 2012; Nath et al., 2015; Sheikh & Alom, 2021). A few studies have explored the impact of institutional ownership on corporate performance (Ahmed & Gabor, 2012; Das, 2017; Rashid, 2018), but comprehensive studies that examine the relationships between firm performance and various ownership structures in Bangladesh are scarce. One notable study by Hossain et al., (2021) analyzed the effects of institutional, foreign, managerial, and block shareholding on firm performance but was limited to public companies in the pharmaceutical sector. This gap in the literature, particularly with regard to Bangladesh's economic context, has inspired the current study. The aim of this study is to assess the influence of different ownership structures on the financial performance of publicly listed firms in Bangladesh, addressing the existing research gap.

The remainder of the paper is structured as follows: Section two outlines the study's objectives, followed by a review of the literature and hypotheses development in section three. The research methodology is discussed in section four, while section five presents the findings and analysis. Finally, section six concludes the paper, highlighting limitations, policy implications, and suggestions for future research.

2. Objectives of the Study

The primary objective of this study is to critically examine the impact of ownership structure on the financial performance of publicly listed firms in Bangladesh. Specifically, the study aims to achieve the following objectives:

- (i) To analyze the composition and characteristics of ownership structures of publicly listed manufacturing firms in Bangladesh, focusing on sponsor, institutional, government, public, and foreign ownership patterns, and their potential influence on corporate governance practices.
- (ii) To evaluate the relationship between different ownership types (sponsor, institutional, government, public, and foreign) and the financial

performance of listed firms, as measured by key performance indicators such as Return on Assets (ROA) and Return on Equity (ROE).

- (iii) To provide evidence-based recommendations for enhancing corporate governance practices in Bangladesh, based on the findings regarding the impact of ownership structure on firm performance, aimed at improving transparency, accountability, and overall firm performance.

These objectives are grounded in the broader research topic and seek to fill existing gaps in the literature by providing empirical insights into the dynamic interplay between ownership types and financial outcomes in an emerging economy.

3. Literature Review and Hypotheses Development

3.1. Prior research

Most of the prior literature concentrated on the connection between various variables of corporate governance, such as features of corporate governance, quality of corporate governance etc., and the firms' performance. However, this study intends to investigate the ownership structure – another important element of corporate governance – of the firms and its influence on firms' outcomes.

Keasey & Wright (1993) described corporate governance as a set of rules and regulations for monitoring and controlling the company that allow it to achieve its internal and external goals. It is an effective framework for operating a company. Zhuang (1999) opines that ownership structure is one of the key factors for determining the state of corporate governance (CG) in any firm. He further argues that when a company has concentrated ownership, large shareholders would have an essential role in regulating the management of the company.

One of the notable categories of ownership is the institutional investors. Manna et al., (2016) defines institutional investors as organizations that invest a large amount of money in a company. Institutional investors, for instance, banks, insurance companies, mutual funds, and non-banking financial institutions, can exercise power and influence the functioning of the company by means of their block shareholding as well as expertise. Moreover, they possess the necessary resources that allow them to analyze and effectively monitor the operations of the management and discourage the manager from making investments that are not beneficial for the company (Alipour, 2013; Shleifer & Vishny, 1986).

Researchers posit that institutional shareholders possess the ability to influence decision-making e.g., the selection of the company's directors and financial disclosure policies (Mallin & Ow-Yong, 2012; Colpan & Yoshikawa, 2012).

Similarly, some previous studies found mixed results addressing the connection between institutional ownership and firm performance. For example, Wang et al. (2020), considering a sample of non-financial firms listed on the Pakistan Stock Exchange (PSX), reported a negative relationship between the two variables. On the contrary, while examining the listed companies in India, (Manna et al., 2016) found that the relationship between institutional shareholders and firm performance is positive. A recent study (Rashid, 2020) conducted on 527 listed companies of Bangladesh revealed that firm performance evaluated by return on assets is significantly and positively associated with institutional ownership. Similar findings were also unveiled by Omran et al. (2018) in Arab countries (Egypt, Jordan, Oman and Tunisia) and Yeh (2019) in Taiwan.

Government ownership as a variable affecting firm performance has also drawn significant attention of the researchers in different parts of the world. Al-Matari et al. (2013) defined government ownership as the amount of the share of a company carried by the government. Lin et al. (2020) opined that state-owned companies are frequently subject to excessive exploitation by interested groups, including the government, employees, managers, and so on. These companies are treated as public property which harms the financial performance of the company.

Researchers further argued that state has a preference for political and social objectives including high employment rate, facilitating public services, defend specific industries and business over the business objectives (Phung & Mishra, 2016; Estrin & Perotin, 1991; Shleifer & Vishny, 1994). Consistent to this notion, they identified an inverse connection between government ownership and firm performance in Chinese listed companies. Moreover, Iwasaki et al. (2022) conducted their research on east European member states, China and Russia, and found that state ownership has a negative impact on firms' performance. Furthermore, a good number of prior researches also detected a negative connection between government ownership and company performance (Amin & Haq, 2022; Aziz et al., 2017; Gunasekarage et al., 2007).

They described it from two perspectives, namely, managerial perspective and political perspective. From a managerial standpoint, it is very challenging to oversee and scrutinize the functions of management in state-owned enterprises (SOEs) due to their non-participation in the market. From a political point of view, they focused more on social objectives rather than achieving the economic objectives of the company.

Another notable form of ownership is director ownership. Several previous literatures highlighted that there is a positive relationship between director ownership and company performance (Rashid, 2020; Bhagat and Bolton, 2019; Kao et al., 2019; Hanafi et al., 2018). Because, when directors hold a share of a company, they are consciously monitoring its performance. Moreover, they are continuously forcing managers to enhance the performance of the company (Rashid, 2020). Such a constant monitoring and control contribute to the reduction of agency problem, which, in turn, ensures a better performance of the company (Colpan & Yoshikawa, 2012; Schnatterly et al., 2008). However, Muttakin et al., (2012) documented a negative relationship between director ownership and firm performance.

‘Foreign ownership’ has also been identified as one of the significant determinants of firm performance. Iwasaki et al. (2022) defined foreign investors as those who are willing to take the chance of moving their own money across borders to invest and are more driven than anyone else to get the best returns on their money. Manna et al. (2016) commented that foreign investors are more conscious of return on investment due to their large investment and they are trying to push the management to meet their expected return which helps to reduce the agency problem. In a similar vein, Phung & Mishra (2016) argued that foreign investors typically exhibit greater awareness compared to their domestic counterparts due to their substantial offshore investments and their concerns for return on investment. Douma et al. (2006) found that foreign investors that possess significant ownership stakes, demonstrate greater dedication, and engage in long-term participation have a beneficial impact on a company's performance. Pervan et al. (2012) investigated listed companies in Croatia and found that listed firms that are controlled by foreign investors performed better than local firms.

Despite above arguments, prior researches showed mixed findings with regard to the connection between foreign ownership and company performance. Several prior investigations reported a substantial positive correlation between the two variables (Rashid, 2020; Adamu & Haruna, 2020; Kao et al., 2019; Zraiq & Fadzil, 2018; Apu et al., 2016; Douma et al., 2006; Khanna & Palepu, 2000). On the contrary, Alabdullah (2018) identified a negative relationship while examining the listed companies in Jordan. Moreover, Tsegba and Ezi-Herbert (2011) found no connection between foreign ownership and firm performance.

The study investigating the connection between ownership structure and company performance in a developing economy such as Bangladesh are notably few. Most of the studies in Bangladesh considered managerial ownership or institutional ownership along with other governance characteristics. In such a study, Das (2014) examined a sample of listed banks in Bangladesh and reported a negative relationship between institutional ownership and firms' financial performance. In a similar study, Muttakin et al., (2012) found a negative impact of managerial ownership on bank performance. Further, Hossain et al., (2021) conducted their investigation on Pharmaceutical and Chemical industry and identified that firm performance was positively influenced by institutional and foreign ownership but managerial ownership had a negative impact. Imam & Malik (2007) identified that foreign ownership is favorably correlated with company performance, as indicated by the firm's holding period returns and Tobin's Q. Rashid (2020) carried out a study on the listed companies of Bangladesh and detected a significant positive effect of foreign and director ownership on company performance.

It is evident from the above review that a comprehensive study examining the relationship between different forms of ownership structure and firm performance in a developing economy like Bangladesh is quite rare. With a view to fill this research gap, the current study is an attempt to identify the nature of relationship and measure the extent of influence of various dimensions of ownership structure on firms' financial performance.

3.2. Hypotheses of the Study

The main objective of the paper is to examine the influence of ownership structure on firm performance. Based on the literature reviewed and the specific objectives of this study, the following hypotheses have been formulated:

- H*₁: Public ownership has a positive impact on firm performance.
- H*₂: Institutional ownership and firm performance are positively correlated.
- H*₃: Government ownership has a positive influence on firm performance.
- H*₄: Sponsor ownership influences firm performance positively.
- H*₅: Foreign ownership and firm performance are positively correlated.
- H*₆: Firm performance is influenced by firm size.
- H*₇: Firm age has a positive impact on firm performance.
- H*₈: Leverage and firm performance are positively correlated.
- H*₉: Firm performance varies among industry sectors.

4. Methodology of the Study

The research phase involved selecting a sample of 59 manufacturing companies listed on the Dhaka Stock Exchange. Stratified random sampling was used to ensure a representative sample across 8 industry sectors. Secondary data from the 2023 annual reports of these companies were collected, and the task was divided among the authors, with cross-checking for accuracy. Data analysis included descriptive statistics and regression analysis using SPSS (version 25.0), with firm performance (ROA) as the dependent variable and ownership structure, firm size, age, leverage, and industry type as independent variables. The methodological features of this study have been discussed in the following fashion.

4.1. Sample Selection

The population for this research is composed of all the manufacturing firms listed on Dhaka Stock Exchange Ltd. Considering the paucity of resources at the disposal of the researchers, financial, both banking and non-banking, companies are excluded from the study. At present, there are 193 listed manufacturing companies belonging to 11 industry sectors. Three sectors, namely, Jute, Paper and Printing, and Tannery have been omitted from this study due to unavailability of annual reports. Finally, 59 companies categorized under 8 industry sectors have been selected as samples for the study.

To ensure a representative sample, a stratified random sampling technique was employed, where companies were first stratified by industry sectors and then randomly selected from each stratum proportional to their representation in the population. This sampling approach helps control for industry-specific effects that might influence the relationship between ownership structure and firm performance.

The size of population and the samples from each industry are tabulated as under. A complete list of the sample companies has been given in Appendix – 1.

Sl. No.	Sector Name	Population (No. of Companies)	Sample Size (No. of Companies)	% of sample to population
1.	Cement	7	3	42.86%
2.	Ceramic	5	3	60.00%
3.	Engineering & Electrical	36	11	30.56%
4.	Food & Allied	17	6	35.29%
5.	Fuel & Power	19	6	31.59%
6.	Miscellaneous	13	4	30.77%
7.	Pharmaceuticals & Chemicals	31	10	32.26%
8.	Textile	53	16	30.19%
	Total	181	59	32.60%

4.2. Collection of Data

The paper is based on secondary data collected from the latest available annual reports for financial year 2023 of the sample companies which also termed as cross-sectional study. This study, despite its limitation in capturing time-based trends, offers several key advantages in examining ownership structure and firm

performance. First, it provides a detailed snapshot of ownership distribution at a specific point in time, which is useful when studying the immediate effects of ownership on firm performance. Since ownership structures change gradually, focusing on a single time point often provides enough insight into the current dynamics of corporate governance.

For policymakers, cross-sectional analysis is valuable as it highlights the present state of ownership structures and their effects on firm performance, offering actionable recommendations for immediate improvements in corporate governance. Moreover, the cross-sectional approach allows for the examination of ownership patterns across different sectors, highlighting industry-specific influences on firm performance.

Computations are made by the authors where necessary. Data collection and the necessary calculations are accomplished by dividing the sample into two parts and the job is allocated to the authors equally. After completing the task, both the data and the computations are cross-checked to ensure the data accuracy.

4.3. Data Analysis

Both descriptive statistics like, mean, standard deviation, frequency distribution, etc. and inferential statistics, namely, correlation and regression analysis have been employed to achieve the purpose of the study. All statistical analyses were conducted using SPSS version 25.0 software.

Regression Model:

Based on the hypotheses developed in section 3.2., the following regression model has been specified:

$$P_{ROA} = \alpha + \beta_1 POWN + \beta_2 INSOWN + \beta_3 GOVOWN + \beta_4 SPONOWN + \beta_5 FOROWN + \beta_6 FS + \beta_7 FAGE + \beta_8 FLEV + \beta_9 INDT + \varepsilon$$

Variables and their Measurement:

P_{ROA} = Firm performance measured by Return On Asset (ROA). ROA is computed as Net Income divided by Total Assets.

$POWN$ = Public Ownership. Number of shares held by general public divided by total number of shares.

$INSOWN$ = Institutional Ownership. Number of shares held by institutions divided by total number of shares.

GOVOWN = Government Ownership. Number of shares held by government divided by total number of shares.

SPONOWN = Sponsor/Director Ownership. Number of shares held by sponsors/directors divided by total number of shares.

FOROWN = Foreign Ownership. Number of shares held by foreign shareholders divided by total number of shares.

FS = Firm Size. It is computed as log of total assets.

FAGE = Firm Age. Number of years since incorporation to 2022.

FLEV = Firm Leverage. It is computed as total debt divided by total assets.

INDT = Industry Type. Industry sectors identified with numerical values like 1, 2, 3, and so on.

α = Constant; and ε = Error Term.

5. Findings and Analysis

5.1. Descriptive Statistics

The first specific objective of the study is to highlight the ownership structure of the companies. Descriptive statistics with this regard are furnished in Table – 1. It is evident from Table – 1 that, most of the shares belonged to sponsors amounting to 45 percent approximately. On the other hand, least number of shares were owned by Government averaged at 2.74 percent only. Institutional ownership and public ownership were also significant, computed at 20.12 percent and 27.95 percent respectively. Foreigners have also invested in Bangladeshi companies that ranges from 0 to 42.08 percent (average 4.35 percent) of the total shares.

The study also aims to assess the relationship between ownership structure and firm performance. With regard to firm performance, it is seen from the table that profitability, when measured by ROE, ranges from -15 percent to 111 percent with a mean of 14.70 percent. It is also evident from the standard deviation of 0.22952 that the firms vary notably from one to another with regard

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to profitability. But average profitability was only 6.48 percent when measured by Return on Assets (ROA).

Sample companies include very old as well as newly established firms, the age of which ranges from 3 to 48 years, with an average of 20 years approximately. With regard to the sources of finance, the companies vary from almost unlevered to highly levered firms (Debt financing ranges from 3 percent to 93 percent).

Table – 1: Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
PROE	59	-.15	1.11	.1470	.22952
PROA	59	-.0598	.3684	.064776	.0783273
POWN	59	1.12	68.80	27.9507	18.33098
INSOWN	59	2.57	43.76	20.1244	10.54839
GOVOWN	59	.00	58.67	2.7417	11.92550
SPONOWN	59	.00	95.00	44.7614	23.08713
FOROWN	59	.00	42.08	4.3541	9.56258
FS	59	2.70	5.20	3.9371	.56025
FAGE	59	3.00	48.00	19.9322	13.69730
FLEV	59	.03	.93	.4782	.20996

5.2. Correlation Analysis:

Correlation analysis shows that among the variables only two, namely, Institutional Ownership and Sponsor Ownership are significantly correlated with firm performance. Firm performance measured by both ROE and ROA has been found to have a positive correlation with Sponsor Ownership at 1% level of significance. But the relationship between firm performance and Institutional Ownership is negative at a significance level of 5%. This finding is consistent with the allegation against Institutional owners that they are reluctant to play

any role to ensure good governance within the firms, rather they quit the market when it seems unattractive.

Other independent variables viz., Public Ownership, Government Ownership, Foreign Ownership are found to have no correlation with firm performance.

Table – 2: Correlation Matrix

		PROE	PROA	POWN	INSOWN	GOVOWN	SPONOWN	FOROWN	FS	FAGE	FLEV
PROE	Pearson Correlation	1									
	Sig. (2-tailed)										
	N	59									
PROA	Pearson Correlation	.888**	1								
	Sig. (2-tailed)	.000									
	N	59	59								
POWN	Pearson Correlation	.005	-.038	1							
	Sig. (2-tailed)	.969	.776								
	N	59	59	59							
INSOWN	Pearson Correlation	-.319*	-.292*	-.090	1						
	Sig. (2-tailed)	.014	.025	.497							
	N	59	59	59	59						
GOVOWN	Pearson Correlation	-.002	-.138	-.022	.096	1					
	Sig. (2-tailed)	.987	.297	.871	.468						
	N	59	59	59	59	59					
SPONOWN	Pearson Correlation	.476**	.486**	-.281*	-.485**	-.444**	1				
	Sig. (2-tailed)	.000	.000	.031	.000	.000					
	N	59	59	59	59	59	59				
FOROWN	Pearson Correlation	.005	.100	-.273*	-.232	-.091	.019	1			
	Sig. (2-tailed)	.967	.452	.037	.077	.495	.888				
	N	59	59	59	59	59	59	59			
FS	Pearson Correlation	-.009	.015	-.537**	.239	.309*	.001	-.012	1		
	Sig. (2-tailed)	.946	.909	.000	.069	.017	.992	.929			
	N	59	59	59	59	59	59	59	59		
FAGE	Pearson Correlation	.252	.224	-.078	-.080	.230	-.038	.175	.117	1	
	Sig. (2-tailed)	.055	.089	.559	.545	.079	.775	.184	.379		

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	N	59	59	59	59	59	59	59	59	59	
FLEV	Pearson Correlation	.252	-.087	-.188	-.073	.218	.115	.067	.216	.117	1
	Sig. (2-tailed)	.054	.514	.154	.584	.098	.388	.615	.100	.377	
	N	59	59	59	59	59	59	59	59	59	59
**. Correlation is significant at the 0.01 level (2-tailed).											
*. Correlation is significant at the 0.05 level (2-tailed).											

5.3. Impact of Ownership Structure on Firm Performance:

5.3.1. Impact of Ownership Structure on Firm Performance Measured by Return on Asset (ROA):

Table – 3 summarizes the regression result about regard to the relationship between ownership structure and firm performance measured by return on assets.

Table-3: Regression Summary – Ownership Structure and ROA

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	F-value	p-value
1	.606 ^a	.367	.250	.0678188	3.152	0.004

a. Predictors: (Constant), INDT, FLEV, SPONOWN, FAGE, FS, FOROWN, INSOWN, GOVOWN, POWN

It is evident from the above analysis that the regression model is strong enough to explain 25 percent (Adjusted R² = 0.250) of the variations in the dependent variable, i.e., firm performance measured by return on total assets. The model is significant at 5% level of significance as affirmed by the *p-value* of 0.004.

Table-4: Effect of Ownership Structure on Firm Performance (ROA)

Model	Variable	Coefficient	Std. Error	t-value	p-value
1	(Constant)	-.120	.107	-1.122	.267
	POWN	.001	.001	1.481	.145
	INSOWN	.000	.001	.293	.771
	GOVOWN	.001	.001	.879	.384
	SPONOWN	.002	.001	3.775	.000
	FOROWN	.001	.001	1.155	.254
	FS	.015	.021	.731	.468
	FAGE	.001	.001	1.806	.077
	FLEV	-.076	.045	-1.673	.101
	INDT	-.001	.005	-.320	.750

Dependent Variable: PROA

Further scrutiny of the regression results (shown in Table – 4) reveals that among the variables only two, namely, *Sponsor Ownership* and *Firm Age* are found to have significant on influence on firm performance. Similar findings were also reported by many previous researchers (Alabdullah, 2018; Rashid, 2020; Wang, Abbasi, Babajide, & Yekini, 2020). Out of these two, *Sponsor Ownership* is the most significant (at 1% level as denoted by *p-value* of 0.000) having a positive coefficient of 0.002. Such a positive influence implies that the higher the *Sponsor Ownership*, the better the firm performance is. The other variable *Firm Age* is significant at 10% level of significance (*p-value* is 0.077) with again a positive coefficient of 0.001. This finding tells us that experienced firms do better in terms of profitability as compared to that of their counterparts.

The other independent variables, namely, Public Ownership, Institutional Ownership, Government Ownership, Foreign Ownership, Firm Size, Firm Leverage, and Industry Types are found to have no significant influence on firm performance measured by return on assets.

5.3.2. Impact of Ownership Structure on Firm Performance Measured by Return on Equity (ROE):

Table – 5 demonstrates the outcome of multivariate regression analysis about the relationship between Ownership Structure and firm performance measured by return on equity.

Table – 5: Regression Summary – Ownership Structure and ROE

Model	R	R²	Adjusted R²	Std. Error of the Estimate	F-value	p-value
2	.626 ^a	.392	.281	.19465	3.515	0.002

a. Predictors: (Constant), INDT, FLEV, SPONOWN, FAGE, FS, FOROWN, INSOWN, GOVOWN, POWN

The above table portrays an *adjusted R²* of 0.281, which implies that 28.1 percent of the fluctuations in the dependent variable i.e., the independent variables collectively highlight firm performance. The model is significant at 1% level as indicated by the *p-value* of 0.002.

Multivariate regression analysis (results are summarized in Table – 6) detects Sponsor Ownership and Firm Age having significant impact on firm performance measured by return on equity (ROE). This finding is quite similar to the previous one while investigating the relationship between ownership structure and firm performance measured by return on asset (ROA).

Sponsor Ownership is significant at 1% level with a positive coefficient of 0.006. It may, thus, be commented that Sponsors are positively contributing to enhance the profitability performance of the company. Another variable that is detected as significant at 10% level is Firm Age. Positive coefficient of this variable (0.004) implies that longer business experience can contribute to achieve higher profitability.

Regression analysis also affirms that there is no significant relationship between firm performance and other independent variables.

Table – 6: Effect of Ownership Structure on Firm Performance (ROE)

Model	Variable	Coefficient	Std. Error	t-value	p-value
2	(Constant)	-.391	.306	-1.277	.208
	POWN	.003	.002	1.584	.120
	INSOWN	.001	.003	.225	.823
	GOVOWN	.004	.003	1.394	.170
	SPONOWN	.006	.002	3.757	.000
	FOROWN	.001	.003	.294	.770
	FS	-.004	.060	-.060	.953
	FAGE	.004	.002	1.887	.065
	FLEV	.169	.130	1.298	.200
	INDT	-.001	.013	-.094	.925

Dependent Variable: PROE

6. Conclusion

The study is an attempt to examine the ownership structure and its influence on the financial performance of Bangladesh's listed firms. The study is carried out on a sample of 59 companies listed on Dhaka Stock Exchange Ltd. Considering the resource constraints at the disposal of the researchers as well as to ensure the comparability, the study is confined to the manufacturing companies only. Moreover, the study is solely based on secondary data gathered from annual reports of the sample companies. Descriptive statistics like, average, standard deviation etc., as well as inferential statistics, such as correlation analysis, regression analysis, etc., have been employed to achieve the purpose.

Findings show that the average profitability is 14.70 percent when measured by ROE but the same falls to 6.48 percent when measured by ROA. It is also evident from the findings that most of the shares are owned by Sponsors amounted to 45 percent approximately, while the Government owns the least averaged at 2.74 percent only. General public and Institutions have also invested to a notable extent computed at 27.95 percent and 20.12 percent respectively. Besides, only 4.35 percent of the shares are held by foreign investors.

Multivariate regression analysis affirms that only two variables, namely, Sponsor Ownership and Firm Age have the significant and positive impact on

firm performance. But the other variables, such as Public Ownership, Institutional Ownership, Government Ownership, Foreign Ownership, Firm Size, Firm Leverage, and Industry Types are found insignificant.

Like all other papers, this one also suffers from a number of limitations. *First*, the paper has confined its investigation to eight industry sectors only. Moreover, financial companies are kept outside the purview of the research. Thus, the outcome of the current research is not a reflection of the whole capital market of Bangladesh. *Second*, the study is based on cross-sectional data of the financial year 2023. This is a significant limitation as cross-sectional analysis provides only a snapshot of the relationship at a particular point in time. The study suffers from the absence of time-series analysis which would have provided insights into how the relationship between ownership structure and firm performance evolves over time and whether the observed relationships are consistent or change with market conditions. *Third*, in this research the spurious regression testing was not conducted as our research is based on cross-sectional data of the financial year 2023. This limitation will be addressed in future research where we plan to incorporate tests to ensure the robustness of our findings.

Despite above limitations, the findings may provide meaningful insights to the policy makers with regard to ownership structures. Institutional owners may undertake the responsibility to improve firm performance by proper utilization of their expertise as well as influence over the firms by dint of their block shareholdings. Government should also come forward with all of its state power to enhance the performance of the companies. Shareholder activism should also be enhanced which will ultimately contribute to better firm performance.

Future researchers may take an initiative to broaden the scope of such research by including both manufacturing as well as financial companies. Moreover, a longitudinal study might provide a long-range view of the relationship between ownership structure and firm performance. Other dimensions of performance, such as environmental, social, corporate governance, etc., may also be explored by the future researchers.

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Appendix – 1

List of Sample Companies

<p>Cement:</p> <ol style="list-style-type: none">1. Confidence Cement Ltd.2. Heidelberg Cement Bangladesh Ltd.3. Lafarge Holcim Bangladesh Limited <p>Ceramics:</p> <ol style="list-style-type: none">1. Fu-Wang Ceramic Industries Ltd.2. Monno Ceramic Industries Ltd.3. RAK Ceramics (Bangladesh) Ltd <p>Engineering:</p> <ol style="list-style-type: none">1. Aftab Automobiles Limited2. BBS Cables Limited3. Bengal Windsor Thermoplastics Ltd.4. Bangladesh Steel Re-Rolling Mills Ltd5. BSRM Steels Limited6. GPH Ispat Ltd.7. IFAD Autos Limited8. Navana CNG Limited9. National Polymer Industries Ltd.10. Rangpur Foundry Ltd.	<p>Pharmaceuticals and Chemicals:</p> <ol style="list-style-type: none">1. ACI Limited2. The ACME Laboratories Limited1. Active Fine Chemicals Limited2. Beacon Pharmaceuticals Limited3. Beximco Pharmaceuticals Ltd.4. Unilever Consumer Care Limited5. Marico Bangladesh Limited6. Reckitt Benckiser (Bd.) Ltd.7. Renata Ltd. <p>Textiles & Clothing:</p> <ol style="list-style-type: none">1. Aman Cotton Fibrous Limited2. Envoy Textiles Limited3. Evince Textiles Limited4. H.R. Textile Ltd.5. Maksons Spinning Mills Limited6. Malek Spinning Mills Ltd.7. Metro Spinning Ltd.8. Mozaffar Hossain Spinning Mills Ltd.
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<p>11. Singer Bangladesh Limited</p> <p>Food and Allied:</p> <ol style="list-style-type: none">1. Agricultural Marketing Company Ltd. (Pran)2. British American Tobacco Bangladesh Company Limited3. Fu Wang Food Ltd.4. Golden Harvest Agro Industries Ltd.5. Olympic Industries Ltd.6. Rangpur Dairy & Food Products Ltd. <p>Fuel and Power:</p> <ol style="list-style-type: none">1. Linde Bangladesh Limited2. MJL Bangladesh Limited3. Meghna Petroleum Limited4. Padma Oil Co. Ltd.5. Power Grid Company of Bangladesh Ltd.6. Summit Power Limited	<ol style="list-style-type: none">9. M.L. Dyeing Limited10. Nurani Dyeing & Sweater Limited11. Pacific Denims Limited12. Shasha Denims Limited13. Shepherd Industries Limited14. Sonargaon Textiles Ltd.15. Square Textile Ltd.16. Stylecraft Limited <p>Miscellaneous:</p> <ol style="list-style-type: none">1. Aman Feed Limited2. Berger Paints Bangladesh Ltd.3. Bangladesh Export Import Company Ltd.4. Bangladesh Shipping Corporation
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