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Ownership Structure and Financial Performance of Listed Consumer Goods Firms in Nigeria. Evidence from 2016 to 2025

Sede, I. P.
Economics Department,
University of Benin,
Benin City, Edo State, Nigeria

Sedi, M.
Accounting Department,
University of Benin,
Benin City, Edo State, Nigeria.
Mosessedi4@gmail.com

Abstract

This study investigates the impact of ownership structure on the financial performance of listed consumer goods companies in Nigeria between 2016 and 2025. Ownership structure was categorised into managerial, institutional and foreign ownership. Return on Assets (ROA) was used to measure the financial performance of the companies, while firm size and leverage were used as control variables. Based on agency theory and stewardship theory, an ex-post-facto research design was adopted. A total of seventeen (17) companies' annual reports were used as a source of secondary data, giving a total sample size of 170 firm-year observations. Descriptive statistics, spearman's correlation analysis and multiple regression analysis were performed on the data. Results obtained showed that managerial ownership ($\beta = 0.104$, $p < 0.01$), institutional ownership ($\beta = 0.014$, $p < 0.05$), and foreign ownership ($\beta = 0.043$, $p < 0.05$) had a positive and significant relationship with ROA, while leverage showed a significant negative relationship ($\beta = -0.425$, $p < 0.01$). The model explained 25.1% of the variation in ROA. It is recommended that a structured equity scheme should be provided to managerial staff, institutional investors should be engaged actively and policies to attract strategic foreign investors should be put in place. Debt should also be managed prudently.

Keywords: Ownership structure; Managerial ownership; Institutional ownership; Foreign ownership; Return on assets; Consumer goods firms in Nigeria

1.0 Introduction

Performance remains a crucial factor in financing and governance decisions. Return on Assets (ROA) is widely used as a major metric for corporate performance in the empirical literature. ROA measures a company's profitability in relation to its assets and provides an indication of efficient decision-making by managers. This metric is beneficial when comparing companies as it reduces distortions and is therefore a reliable indicator of firm performance when compared (Handoyo et al., 2023).Across the globe, firm performance has become increasingly impacted by corporate governance due to heightened competition, global capital markets and an increasing demand for accountability. The performance of firms is now being measured on both profitability and how well governance reduces agency problems. Agency theory highlights that due to the separation of ownership and control, inefficiencies can occur as managers act in their own interest rather than maximising shareholder wealth (Jensen & Meckling, 1976). Ownership structure has therefore become an important determinant of firm performance. In Nigeria, corporate performance is affected by macroeconomic instability, currency fluctuations, inflation, energy issues and infrastructure issues. ROA is a suitable metric to measure corporate performance. There are a variety of financial and non-financial firms in the Nigerian capital market; however, non-financial listed firms are important to analyse. Non-financial firms in Nigeria play a significant role in the equity market and contribute to economic development through providing jobs, tax revenue, and industrial output. The Nigerian Exchange Group states that non-financial firms make up a large portion of firms in the market (NGX Group, 2024).

Empirical evidence exists to show how ownership structure impacts the non-financial listed sector in Nigeria. Some studies have found that ownership structure positively impacts firm performance. Managerial, institutional, and foreign shareholdings have been found to produce positive impacts on firm value (Quadri et al., 2025). Other studies have found no strong relationship between ownership structure and firm performance. This indicates that the relationship between ownership structure and firm performance is still unclear.Corporate performance is an important factor in measuring how efficiently consumer goods listed firms in Nigeria convert assets into profitability. Evidence suggests consumer goods firms are suffering from instability in profitability and inefficient asset usage (Okwu et al., 2022; Omotayo, 2024). Industry-level data from the Nigerian Exchange between 2023 and 2025 have shown that whilst many firms recorded double-digit increases in revenue, growth in profitability has been inconsistent. A number of firms have seen no improvement in profitability, and some have seen decreases in ROA despite increasing assets (NGX Group, 2024). Empirical evidence shows that non-financial firms in Nigeria have unstable ROA. Consumer Goods, Industrials, and Conglomerate firms have shown significant differences in ROA (Azeez, 2024; Shittu et al., 2022). This shows that there is inefficiency in these firms, as they are not converting assets into profitability. The main issue occurring is that between 2023-2025 listed consumer goods firms in Nigeria are recording inconsistent ROA. This is due to inefficiencies in asset conversion, and ROA is therefore low in these firms. This leads to reduced competitiveness.

Sector-level financial reports have shown that some non-financial firms recorded a greater than 30% increase in revenue between 2023 and 2024. However, ROA has only increased marginally or decreased for several firms, indicating inefficiency in asset conversion (NGX Group, 2024). Industry-level reports have shown that profitability growth has grown at a much lower rate than double-digit revenue growth in certain subsectors of non-financial firms. Academic evidence shows ROA is very inconsistent in Nigerian non-financial firms (Okwu et al., 2022; Omotayo, 2024).Ownership structure is a key factor impacting this issue. Firstly, managerial ownership should reduce agency issues by ensuring managers are acting in the interest of shareholders. However, evidence shows that in Nigeria this is not always the case. Managerial ownership can improve ROA however can cause entrenchment if ownership is too concentrated (Obembe et al., 2016; Shittu et al., 2022). Secondly, institutional ownership is assumed to improve monitoring and therefore governance. However, evidence shows that in emerging markets, institutional ownership does not necessarily improve performance. Institutional investors are sometimes

passive, causing them not to monitor effectively (Akande et al., 2024; Edeh et al., 2025). Lastly, foreign ownership is generally seen to improve governance, bring new technology and provide better discipline. However, this can be impacted by macroeconomic instability, information asymmetry and ineffective regulations in developing countries such as Nigeria (Mallinguh et al., 2020; Roedder& Schmid, 2025).

The inefficiency in ROA has a number of consequences. It reduces shareholder wealth and causes investors to lose confidence in the Nigerian capital market. It also makes it difficult for firms to gain external funding as they are seen as having poor asset conversion and low profitability (Omotayo, 2024). It also limits firms' ability to reinvest, leading to slower industrial growth and less competitiveness (Okwu et al., 2022; Omotayo, 2024). Finally, it will limit economic diversification due to poor corporate performance in the consumer goods industry.

There are a number of gaps in the literature. Firstly, many studies in Nigeria look at capital structure or earnings management rather than ROA for non-financial firms (Omotayo, 2024). Secondly, studies often look at individual variables rather than looking at the impact of managerial, institutional and foreign shareholding together. Thirdly, recent studies have shown inconsistent results. Some have found positive impacts whilst others have found no significant relationship between ownership structure and firm performance (Akande et al., 2025; Roedder& Schmid, 2025). Fourthly, there is a lack of evidence for the whole sector. Many studies focus on either the manufacturing industry or the consumer goods industry. Lastly, there is a lack of evidence on performance since 2023. Many macroeconomic changes have occurred, such as currency reform, inflation and fiscal changes in the last few years, which have impacted profitability (NGX Group, 2024). This means it is important to conduct up-to-date empirical research to investigate how ownership structure impacts corporate performance in consumer goods firms listed in Nigeria.

2.0. Literature Review

2.1 Conceptual Review

2.1.1 Corporate Performance

Corporate performance is a complex concept that has been widely researched in the fields of finance, accounting and management. Corporate performance can be defined as the extent to which a firm is achieving its objectives and providing stakeholders with returns (Richard et. al. 2009). This concept captures how well an organisation is using its resources to produce value, including financial, human and physical resources. Jensen and Meckling (1976) introduced the idea that a firm can be viewed as a set of contracts between self-seeking individuals. They argue that corporate performance can only be achieved through these governance mechanisms.

2.1.2 Ownership Structure

Ownership structure can be defined as who owns shares in the firm and how concentrated they are (La Porta et al., 1999). Ownership structure is a key governance mechanism, as the type of shareholder and how concentrated they are will impact how much incentive they have to monitor managers to maximise performance. Berle and Means (1932) were pioneers in discussing ownership, and they highlighted how large American firms had become separated into ownership and control. They argued that if ownership was too spread out, then shareholders would not have an incentive to monitor. However, in developing countries, ownership can be concentrated, which can lead to better monitoring but also can lead to the risk of expropriation by major shareholders. There are several theories that explain the relationship between ownership structure and corporate performance. Agency theory would predict that if there is concentrated ownership, then corporate performance will increase due to incentive alignment and increased monitoring (Jensen & Meckling, 1976). Stewardship theory (Donaldson & Davis, 1991) would argue that managers will always have the incentive to act in the best interest of their organisation; therefore, ownership structure does not matter as much as the quality of management. Resource dependence theory (Pfeffer &

Salancik, 1978) argues that certain types of owners will increase corporate performance as they will provide key resources to the firm. For instance, institutional and international investors. These theories will be discussed below.

2.1.2.1 Managerial Ownership

Managerial ownership, or insider ownership/director ownership, can be defined as the proportion of the firm's floating stock owned by executive and non-executive directors. It is theorised that this will be a key governance mechanism. The incentive alignment hypothesis suggests that when managers have concentrated ownership, they will take on more of the financial risk associated with their decision-making. This will mean they will have aligned interests with external shareholders (Jensen & Meckling 1976).

2.1.2.2 Institutional Ownership

Institutional ownership can be defined as the proportion of company stock owned by institutions such as pension funds, insurance companies, mutual funds, banks and investment trusts. Institutional shareholders differ from individual shareholders as they have professional knowledge, high levels of capital and are able to monitor management (Shleifer &Vishny, 1997). The monitoring hypothesis suggests that institutional shareholders will have an incentive to monitor managers due to the large amounts of money involved. This will result in them demanding more transparency and holding underperforming executives to account. This will reduce agency costs and increase corporate performance.

2.1.2.3 Foreign Ownership

Foreign ownership can be defined as the proportion of floating stock owned by non-residents. This includes foreign institutional investors, multinational companies and foreign individuals. The relationship between foreign ownership and corporate performance has been widely researched in the corporate governance literature. In emerging and frontier markets, there may be weaker corporate governance structures. Therefore, it is hypothesised that foreign investors will improve corporate performance by transferring superior management techniques, better technology and networks. They will also monitor management more strictly and will have access to cheaper international capital markets (Douma et al., 2006).

2.2 Theoretical Review

2.2.1 Agency Theory

Agency Theory was developed by Jensen & Meckling (1976) in their seminal work called Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure. The theory considers that the firm operates as a set of contracts between principals (Shareholders) and agents (Managers). It argues that as there is a separation of ownership and control, the manager may not always act in the best interest of the shareholders due to their self-interest, risk aversion and opportunism. The key aspect of this theory is that there will be conflicting interests between owners and managers as they both want to maximise their own utility. To do so, managers may seek their own benefit, which may impact the efficiency of the firm negatively. This leads to agency costs, which include monitoring costs (incurred by shareholders), bonding costs (incurred by managers) and residual loss. This theory is very relevant to the study as it shows how there will be less conflict of interest when managers have ownership. Institutional ownership will also ensure better monitoring, and foreign ownership will provide outside pressure, which can lead to better corporate performance within Nigerian listed non-financial firms. Empirical studies have shown that governance mechanisms have a significant effect on ROA due to better monitoring and less inefficiency (Kyere & Ausloos, 2020; Olanisebe et al., 2025).

2.2.2 Stewardship Theory

This theory was developed by Davis et al. (1997) to challenge the assumptions made within the agency theory framework. Unlike agency theory, this theory assumes that managers will be trustworthy and will act as stewards. The key aspect of this theory is that managers will be motivated by internal rewards such as achievement, recognition, responsibility and organisational success. Therefore, if managers are provided with autonomy and trust, they are more likely to act in the best interest of the shareholders to improve firm performance. This theory is relevant to the study as it shows how managerial ownership can improve corporate performance (ROA) within Nigerian listed non-financial firms. As managers have equity within the firm, they are more likely to have an increased sense of identification with the success of the firm. Empirical evidence has shown that managerial ownership can improve firm performance if governance mechanisms are in place to encourage long-term commitment (Donaldson & Davis, 1991; Kyere & Ausloos, 2020).

2.3 Empirical Review

2.3.1 Managerial Ownership and Corporate Performance

Obembe et al. (2016) conducted a study on managerial ownership and corporate performance within listed firms in Nigeria. The study used firm-level panel data to evaluate the relationship between managerial ownership and corporate performance. It was found that managerial ownership can improve firm performance as it aligns incentives; however, the nature of the relationship was dependent on the level of managerial ownership and features of the company. This provides relevant evidence to this research as it provides insight into how managerial ownership may not necessarily be seen to have a positive impact upon firms in Nigeria.Nwachukwu & Ibezim (2017) conducted a study on ownership structure and financial performance within listed firms in Nigeria. The study used secondary panel data and regression techniques. It was found that ownership features do have an impact on financial performance; however, the extent and significance of the relationship varied depending on ownership type. This shows how important it is to perform an analysis on ownership structure within the Nigerian institutional setting.Kyere & Ausloos (2020) conducted a study on corporate governance and financial performance within UK firms. Quantitative techniques were used to analyse the relationship between corporate governance features and both accounting and market performance. It was found that governance features can have a significant impact on firm performance. However, the strength of each governance feature varied. This study is helpful to the research as it supports the argument that ownership and governance features should be analysed empirically.Abedin et al. (2022) conducted a study on institutional ownership and company performance in emerging markets. Quantitative techniques were used to analyse the relationship between institutional shareholders and firm performance. It was generally found that there is a positive relationship between institutional ownership and firm performance. This is due to institutional investors having higher monitoring capabilities and financial expertise. This provides evidence to support the monitoring feature of Agency Theory. Additionally, this study is relevant to developing markets.Babalola et al. (2023) conducted a study on ownership structure and firm performance within listed companies in Nigeria. Secondary company data were used alongside regression analysis to provide insight into how ownership features impacted firm performance. It was found that ownership structure is a key determinant of firm performance. However, the impact differed depending on the type of ownership. This supports the argument that ownership is often grouped, and this can mask differences between managerial, institutional and foreign shareholders.

Yusuf & Isa (2023) conducted a study on ownership structure and corporate performance within listed non-financial firms in Nigeria. This study is very similar to this research as it looked at listed non-financial firms and examined corporate performance using metrics such as ROA. It was found that ownership features impact corporate performance. Evidence was provided to show how ownership can contribute to governance within Nigerian non-financial firms. However, due to new economic conditions

emerging after 2023, there is a need to update the evidence. Mallinguh et al. (2020) conducted a study on company age, foreign ownership and financial performance. Panel data were used to analyse how foreign ownership interacts with company features to impact financial performance. It was found that foreign ownership can improve financial performance. However, this was dependent on other company features. This shows how important it is to analyse foreign ownership alongside controls. Roedder & Schmid (2025) conducted a systematic review on foreign ownership and firm performance. The review provides evidence that foreign ownership can benefit firms by providing access to capital, managerial expertise, technological knowledge and a global network. However, this does not always have a positive impact. Institutional quality, level of ownership, investor goals and host country conditions can impact whether foreign ownership will provide any performance benefits. This is relevant to Nigeria as the institutional conditions and macroeconomic conditions are different to developed markets.

Overall, the international literature suggests that managerial ownership can have conflicting impacts. This means there is justification for looking into the relationship between managerial ownership and firm performance.

2.3.2 Institutional Ownership and Corporate Performance

Abedin et al. (2022) recently conducted a study on institutional ownership and corporate performance in emerging markets. They found empirical evidence to suggest there is a general positive relationship between institutional ownership and firm performance. This is mainly due to monitoring and governance. Institutional investors will have financial expertise and have higher levels of ownership, meaning they are more likely to monitor management.Babalola et al. (2023) also conducted a study on ownership structure and firm performance in Nigeria. They found evidence to suggest that institutional ownership can be a key governance feature. However, the relationship depends on the characteristics of the institution and company. This is important as institutional ownership should not always be seen as monitoring. Some investors may be passive.Onuorah & Imene (2016) conducted a study on corporate governance and financial performance within quoted companies in Nigeria. The study used secondary data and quantitative techniques. Evidence was found to suggest that governance features and ownership can impact corporate financial performance. This provides useful evidence for Nigerian firms; however, the research was conducted some time ago, so more up-to-date research is needed.

Kyere & Ausloos (2020) provided evidence to show corporate governance features can impact firm financial performance. Overall, it provides evidence to support the idea that governance can impact how managers behave and how efficiently corporate resources are utilised.

Overall, there are still issues with the literature on institutional ownership. Monitoring theory suggests there is a positive relationship. However, strategic alignment and passive investor theories suggest institutional ownership can have little or no impact. This means there is justification for looking into institutional ownership within Nigerian listed non-financial companies.

2.3.3 Foreign Ownership and Corporate Performance

Mallinguh et al. (2020) conducted a study on foreign ownership, company age and financial performance. Panel data were used to examine the relationship between foreign ownership and financial performance. Evidence was found to suggest that foreign ownership can improve financial performance. However, the authors showed how company-specific features can impact the strength of the relationship.Yusuf & Isa (2023) conducted a study on ownership structure and performance within listed non-financial companies in Nigeria. Panel techniques were used to examine the relationship. Evidence was found to show that there is a positive relationship between foreign ownership and corporate performance. This can be interpreted as foreign shareholders can bring superior governance features, financial capital and managerial knowledge. Roedder & Schmid (2025) conducted a systematic review on foreign ownership and firm performance. They demonstrate that foreign ownership can help improve performance through

monitoring, technology, knowledge, internationalisation and external resources. However, there was large variation in the evidence. Foreign ownership does not always improve performance. Instead, it depends on institutional quality, level of ownership, investor goals and company features.

Overall, there is evidence to show foreign ownership can be a governance and resource feature. In emerging economies such as Nigeria, foreign shareholders can help overcome institutional weaknesses in the domestic setting by bringing in international governance standards and managerial knowledge. However, foreign investors may experience information asymmetry, currency risk and have differing goals from long-term domestic shareholders.

2.3.4 Gaps in Literature

There is extensive research available on ownership structure and corporate performance; however, there are some key gaps. One issue with this topic is that ownership structure is often treated as a singular feature. A large proportion of the literature looks at ownership in general or focuses on one form of ownership. However, managerial, institutional and foreign shareholders will all have different incentives, resources and monitoring capabilities. Managerial owners are internal, institutional investors are professional external investors, and foreign shareholders can bring in international capital, technology and governance. This research has been conducted by separating ownership structure into managerial, institutional and foreign ownership. This helps to identify if different types of ownership will result in different performance outcomes. However, the evidence is mixed. Many studies found that ownership can have a positive impact on corporate performance, while others found no significant relationship, a negative relationship or a conditional relationship. This is particularly evident with managerial ownership, as there can be conflicting impacts between incentive alignment and managerial entrenchment. Institutional ownership does not always lead to stronger performance, as institutional investors may be passive. Similarly, foreign ownership can provide superior resources but can be impacted by information asymmetry, currency volatility and short-term goals. Therefore, there is a need for further empirical research. Much of the strongest research on ownership comes from developed countries such as the United States, the United Kingdom and Western Europe. These countries have very different institutional conditions from Nigeria. Nigeria has concentrated ownership, developing capital market institutions, regulatory issues, macroeconomic volatility and large information asymmetry. Therefore, evidence from developed countries cannot be assumed to apply to listed companies in Nigeria. This research provides specific evidence for Nigeria to overcome this issue.

3.0 Methodology

3.1 Research Design

An ex-post-facto research design was adopted in this study because the data used are historical financial data extracted from audited annual reports. This research design is most suitable for this study because we are trying to find a relationship between ownership structure and market value using secondary data. This is because we cannot control our variables (Managerial ownership, Institutional ownership, Foreign ownership and ROA). The population for this study consists of all nineteen listed consumer goods companies quoted on the Nigerian Exchange Limited (NGX). Consumer goods companies were selected as this population has a high level of ownership structures (Foreign Multinational Companies like Nestlé Nigeria Plc, Unilever Nigeria Plc and PZ Cussons Nigeria Plc) and high levels of institutional and managerial ownership. The sector is also highly economically important as it contributes largely to non-oil GDP and non-financial market capitalisation in Nigeria. Seventeen companies were selected from the nineteen consumer goods companies. A purposive sampling method was used for this study because the researcher selected samples based on some criteria. This means the samples will meet certain criteria (Complete data for the period). Only secondary data was used for this study. Data were gathered from a secondary source (Annual reports and accounts of listed consumer goods companies in Nigeria). OLS was

taken as the benchmark estimator. However, the F-test for individual effects was used to see if pooling was appropriate.

3.2 Measurement and Operationalisation of Variables

Table 3.1: Measurement and Operationalisation of Variables

S/N	Variable	Code	Type	Operationalization	Measurement	Source(s)	Supporting Literature
1	**Corporate Performance**	**ROA**	Dependent	Measures profitability and efficiency in asset utilisation	Net Profit ÷ Total Assets	Financial statements of listed firms	Brigham & Ehrhardt (2022); Ross et al. (2021)
2	**Managerial Ownership**	**MOWN**	Independent	Equity held by directors, CEOs, and senior management involved in strategic decision-making	Percentage of total outstanding shares held by managers and directors	Annual reports of listed firms; Nigerian Exchange Group (NGX) filings	Naidu (2025); Kishk (2023)
3	**Institutional Ownership**	**IOWN**	Independent	Shares owned by institutional investors such as pension funds, banks, insurance firms, and mutual funds	Percentage of total outstanding shares held by institutional investors	Corporate annual reports and stock exchange disclosures	Sakawa&Watanabel (2020); Naidu (2025)
4	**Foreign Ownership**	**FOWN**	Independent	Equity held by non-resident or international investors	Percentage of total shares held by foreign investors	Annual reports and shareholder structure disclosures	Naidu (2025);
5	**Firm Size**	**FSIZE**	Control	The natural logarithm of total assets of the firm; included as a control variable because larger firms tend to have greater market visibility, access to capital, economies of scale, and superior governance structures that can independently influence market valuation.	Natural logarithm of total assets (ln Total Assets)	Annual Reports & Accounts	Otiko et al. (2025)
6	**Leverage**	**LEV**	Control	The ratio of total debt (long-term and short-term borrowings) to total assets; leverage is included as a control variable because higher debt levels can increase financial risk, affect earnings quality, signal capital structure choices, and independently influence investor perceptions of market value	Total Debt ÷ Total Assets	Annual Reports & Accounts	Otiko et al. (2025); Sabah et al. (2021)

Source: Author's Compilation (2026)

3.3 Model Specification

The model was developed from the empirical models of Otiko et al. (2025) and Nelson, Egbunike and Adeniyi (2021), which were used in examining the effect of ownership structure on the market value of listed consumer goods companies in Nigeria using ROA as the dependent variable. However, to get the core ownership dimensions, the ownership variables were limited to managerial ownership, institutional ownership and foreign ownership, which is based on the theories (agency theory, stewardship theory and resource dependency theory). Additionally, in line with Otiko et al. (2025), firm size and leverage were included as control variables.

Using the insight from studies that have proven firm size and leverage are independently relevant, firm size and leverage were added as control variables. This is because they have a significant negative impact on firm performance. Hence, firm size and leverage are added as control variables to examine the pure impact of ownership structure on firm market value. The general form of the panel data regression model used is:

$$ROA_{it} = \beta_0 + \beta_1 MOWN_{it} + \beta_2 IOWN_{it} + \beta_3 FOWN_{it} + \beta_4 FSIZE_{it} + \beta_5 LEV_{it} + \varepsilon_{it}$$

4.0 Data Presentation, Analysis and Interpretation of Results

4.1 Descriptive Statistics

The table below shows the descriptive statistics of the variables used in the study. Table 4.1 shows the mean, standard deviation, minimum and maximum values for ROA, managerial ownership, institutional ownership, foreign ownership, firm size and leverage.

Table 4.1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	170	-.002	.227	-1.502	.543
MOWN	170	18.13	22.726	0	89.65
IOWN	170	41.182	26.89	0	98
FOWN	170	.365	.483	0	1
FSIZE	170	7.562	.971	4.929	9.056
LEV	170	.659	.229	.162	1.297

Source: Author's Computation (2026)

Looking at the ROA variable, we can see that the mean value is -0.002 and the standard deviation is 0.227. Additionally, the minimum value is -1.502, and the maximum is 0.543. With a very low mean value that is slightly negative, this indicates that, on average, the listed consumer goods manufacturing companies in this sample made no real profit from their assets over the 10 years. In fact, they made minimal losses. This supports the inefficiency of performance structure mentioned in the statement of the problem because it demonstrates that revenue growth among the listed non-financial firms has not translated into similar levels of profitability.

However, the standard deviation is well over 100 times greater than the mean. This indicates a very high degree of variability in the data. Although the average is close to 0, there are large differences in the data. The lowest value is -1.502, which indicates that at least one firm-year observation had a huge loss of over 150% on its total assets. This could indicate severe financial distress, loss of value from assets, currency fluctuation losses or significant loss of equity. As the sample period covers the naira devaluation/unification period (2023-2024), the effects of the Covid-19 pandemic (2020-2021) and the recovery period from the recession in 2016, it is possible that there were extreme negative values due to the macroeconomic shocks being passed onto the companies. However, 0.543 indicates that some firms were very profitable and made over 54% net profit from their total assets in a single year. This indicates

that they had very high operational efficiency, cost control or good pricing power in a high inflation environment.

Overall, this indicates that there is a large degree of variability when it comes to asset-based profitability of listed manufacturing companies in Nigeria. This means that whilst listed in the consumer goods index, the companies will not necessarily perform similarly, as their profitability will depend greatly on the particular company. This indicates that macroeconomic factors are having an effect on the companies via currency fluctuations, import costs and inflation. However, the variability appears to be caused by variability in the company's governance and operational efficiency. Some companies appear to have good governance structures and efficient use of assets, meaning they are still gaining profit from their assets despite macroeconomic issues. However, other companies are suffering significant losses due to poor governance. This supports looking into the ownership structure of the company as an explanation for this variability, which can be analysed using correlation and regression.For the managerial ownership variable, the mean is 18.130% with a standard deviation of 22.726%, a minimum of 0% and a maximum of 89.650%. This indicates that the average firm in the sample has 18% of outstanding shares owned by executive directors, managers, etc. However, the standard deviation is greater than the mean, indicating there is quite a lot of variability in the data. The minimum value of 0 shows some consumer goods companies have no managerial ownership; however, some have very high levels of managerial ownership, with a maximum of 89.650%.This has economic implications as it indicates that there is a large variability in asset efficiency for these companies. If managerial ownership exists, then they have personal wealth tied up in the firm. This can encourage better operational efficiency and utilise assets more due to them having an interest in the performance of the company, in line with the interests argument found in agency theory. However, the maximum value of 89.650% indicates that there is a chance of entrenchment. There is very high insider ownership, meaning external shareholders will struggle to monitor the management team. The data indicates there is a large potential for managerial ownership to impact the asset efficiency of listed manufacturing companies. However, we need to look at the regression to see whether this is having a positive or negative effect.

For the institutional ownership variable, the mean is 41.182% with a standard deviation of 26.890%, a minimum of 0% and a maximum of 98%. This indicates that there is a high level of institutional ownership. Overall, there is more institutional ownership than managerial or foreign ownership. This is economically relevant as institutional investors such as pension funds, insurance companies, or mutual funds have more money, knowledge and monitoring capabilities than individual shareholders.The standard deviation is fairly high, indicating there is quite a lot of variability in how much institutional ownership there is. Some companies have little to none, whilst others are nearly entirely owned by institutions. This can cause large differences in governance structure throughout the listed manufacturing companies. Having high levels of institutional ownership can help with monitoring, reduce management using assets opportunistically and increase confidence from the capital markets. However, the data alone does not indicate whether high institutional ownership will lead to increased asset-based profitability. This is because institutions may be actively monitoring, passively investing or may be just investing for diversification. We need to look at the regression to see if there is a statistically significant difference in ROA due to variability in institutional ownership.

For the foreign ownership variable, the mean is 0.365 with a standard deviation of 0.483, a minimum of 0 and a maximum of 1. This indicates that approximately 36.5% of firm-years are associated with foreign ownership. This is economically relevant as foreign involvement can bring benefits such as access to international capital, technology, management skills, global supply chains and good governance structures. This can help increase asset efficiency.The variability in the data indicates that not all consumer goods manufacturing companies have the same amount of foreign involvement. This can cause variability in operational efficiency and profitability. Companies such as Nestlé Nigeria Plc, Unilever Nigeria Plc and PZ Cussons Nigeria Plc have a large amount of multinational ownership, technology transfer and standardised global procedures. However, the literature indicates that there are conflicting

views regarding foreign ownership. It can increase asset efficiency due to knowledge, technology and international governance. However, foreign investors may cause concern regarding repatriation of profits, currency fluctuations and short-term investment.

For the firm size variable, the mean is 7.562 with a standard deviation of 0.971. The minimum is 4.929, and the maximum is 9.056. This indicates that there is not a huge amount of variability in firm size. The standard deviation is much smaller than the mean.Larger manufacturing companies may benefit from economies of scale, increased power with suppliers and distributors, better access to funding and increased brand equity. This can help increase asset efficiency. However, we need to look at the regression to see if there is a positive relationship between firm size and ROA.For the leverage variable, the mean is 0.659 with a standard deviation of 0.229. The minimum is 0.162, and the maximum is 1.297. This indicates that debt makes up a large proportion of the asset base. Approximately two-thirds of the assets are made up of debt. However, the maximum value is over 1, which indicates that there is at least one firm-year observation where debt was higher than assets, meaning they were technically insolvent.This is an important economic consideration for listed manufacturing companies in Nigeria due to the high inflation and interest rate environment. High levels of leverage will increase fixed costs, interest costs and increase the risk of refinancing and financial distress. Relying heavily on debt can decrease the net profit on assets as more interest needs to be paid before the numerator of ROA can be calculated. This would be expected as we have predicted a priori that leverage will have a negative relationship with ROA. This can be seen more clearly below using correlation and regression.

4.2 Correlation Analysis

Spearman's Rank Correlation Coefficients were used to analyse the bivariate relationships between ROA and the explanatory/control variables as well as relationships between the explanatory variables. The correlation matrix can also give us an initial indication of multicollinearity (Gujarati, 2004). This can be seen in Table 4.2 below.

Table 4.2: Spearman's rank correlation coefficients

Variables	(1)	(2)	(3)	(4)	(5)	(6)
(1) ROA	1.000					
(2) MOWN	0.030	1.000				
(3) IOWN	0.090	-0.361	1.000			
(4) FOWN	-0.025	-0.614	0.507	1.000		
(5) FSIZE	0.083	-0.252	0.311	0.234	1.000	
(6) LEV	-0.376	0.199	-0.030	-0.109	0.049	1.000

Spearman rho = 0.049

Source: Author's Computation (2026)

ROA has a low, positive correlation with Managerial Ownership (r=0.030). This means that there is an extremely weak relationship between managerial ownership and ROA. This indicates that the impact of managerial ownership in relation to ROA is not significant, and there appears to be little correlation between the two variables. However, it is important to note that this is at a simple bivariate level, and the impact might become more apparent when other explanatory and control variables are taken into account. ROA has a positive correlation with Institutional Ownership (r=0.090). While this is a weak relationship, this is the second highest positive bivariate relationship between ROA and the explanatory variables. This indicates that firms with greater institutional ownership will have slightly higher asset-based profitability. This is generally in line with theory, as institutional investors are seen to have a high level of financial savvy and can lead to increased efficiency in asset utilisation. ROA has a low negative correlation with Foreign Ownership (r=-0.025). This is essentially a zero relationship, meaning that foreign ownership does not appear to have a strong relationship with higher or lower asset-based profitability at a bivariate level. It is also important to note that this is not controlling for firm size, leverage or other ownership

variables, meaning that the low negative relationship does not indicate that foreign ownership has no economic impact. Further analysis of the regression will be needed to provide a more definite conclusion.

4.3 Regression Results and Hypothesis Testing

The aim of this research was to identify how managerial ownership, institutional ownership and foreign ownership impact ROA (a continuous dependent variable) whilst controlling for firm size and leverage. A multiple linear regression is therefore suitable to be used, as it measures the partial effect of each explanatory variable on ROA whilst controlling for the other variables. The equation below shows the regression results:

$$ROA = \beta 0 + \beta 1MOWN + \beta 2IOWN + \beta 3FOWN + \beta 4FSIZE + \beta 5LEV + \varepsilon$$

The estimated coefficients are presented in Table 4.3.

Linear regression

ROA	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
MOWN	.104	.027	3.79	0	.158	.05	***
IOWN	.014	.007	2.03	.044	0	.027	**
FOWN	.043	.017	2.53	.012	.077	.009	**
FSIZE	.064	.017	3.77	0	.03	.097	***
LEV	-.425	.068	-6.22	0	-.56	-.29	***
Constant	-.221	.132	-1.67	.096	-.481	.04	*

Mean dependent var	-0.002	SD dependent var	0.227
R-squared	0.251	Number of obs	170
F-test	10.983	Prob > F	0.000
Akaike crit. (AIC)	-59.458	Bayesian crit. (BIC)	-40.643

*** p<.01, ** p<.05, * p<.1*

Source: Author's Computation (2026)

Managerial ownership has a coefficient of 0.104 and a p-value of 0.000. The positive coefficient is significant at the 1% level. An increase in managerial ownership by one unit (i.e. one percentage point) increases ROA by approximately 0.104. This shows that having greater managerial ownership will increase asset-based profitability among the sampled firms. This supports the theory that having shareholders in the form of managers will incentivise them to make decisions that are more efficient for asset use. As H_{01} is not satisfied (p-value is below the 5% significance level), it can be concluded that there is a statistically significant positive effect of managerial ownership upon corporate performance (ROA) among non-financial (consumer goods) listed companies in Nigeria.

Institutional ownership has a coefficient of 0.014 and a p-value of 0.044. The positive coefficient is significant at the 5% level. Therefore, an increase in institutional ownership by one percentage point will increase ROA by approximately 0.014. This shows that institutional ownership has a positive effect on asset-based profitability among the sampled firms. This supports the monitoring hypothesis, where institutional investors use their knowledge and investment to incentivise more efficient asset management. As H02 is not rejected ($p = 0.044 < 0.05$), it can be concluded that there is a statistically significant positive effect of institutional ownership on corporate performance (ROA) among non-financial (consumer goods) listed companies in Nigeria.

Foreign ownership has a coefficient of 0.043 and a p-value of 0.012. The positive coefficient is significant at the 5% level. As FOWN is a dummy variable, this implies that companies with foreign ownership will have an average ROA approximately 0.043 greater than those that do not have foreign ownership, ceteris

paribus. This shows that foreign ownership will have a positive effect on asset-based profitability. This supports the resource dependence theory, as foreign shareholders will bring valuable resources to the company, such as capital, technology, management knowledge and international standards. This therefore makes operations more efficient. As H03 is not rejected ($p = 0.012 < 0.05$), it can be concluded that there is a statistically significant positive effect of foreign ownership on corporate performance (ROA) among non-financial (consumer goods) listed companies in Nigeria.

The R-squared value has been found to be 0.251. This means that the explanatory variables, managerial ownership, institutional ownership, foreign ownership, company size and leverage explain 25.1% of the variation in ROA. This leaves 74.9% of the variation to be explained through other factors, such as macroeconomic factors, industry-specific factors, management expertise and company-specific factors. The overall F-statistic is 10.983, which is significant at $p < 0.001$ and shows that the explanatory variables are significant when considered together.

4.4 Discussion of Findings

This study looked at the effect of ownership structure upon the corporate performance of listed non-financial (consumer goods) companies in Nigeria. Managerial ownership, institutional ownership and foreign ownership were the main explanatory variables, whilst ROA was used to measure corporate performance. Company size and leverage were controlled. The results found are unusual compared to many previous studies in Nigeria, as all three types of ownership have a statistically significant positive effect on ROA. This shows that none of the null hypotheses (H_{01}, H_{02}, H_{03}) are satisfied, and therefore it can be seen that there is a strong link between ownership structure and corporate performance (ROA) in the consumer goods manufacturing industry in Nigeria over the period 2016-2025.

The results show that managerial ownership had a positive effect on ROA (coefficient = 0.104, $p = 0.000$). This is important as it shows that managerial ownership increases their financial involvement in the company, which will incentivise them to make decisions that will improve asset efficiency. This aligns with the interest alignment argument from agency theory (Jensen & Meckling, 1976). Evidence from Nigeria (Obembe et al., 2016; Nwachukwu & Ibezim, 2017) also supports this finding, as they found that managerial/inside ownership had a positive effect on corporate performance. This supports Babalola et al. (2023) and Yusuf & Isa (2023), who also found that managerial ownership had a positive effect on ROA for non-financial listed companies in Nigeria. The descriptive statistics show that companies can have up to 89.650% managerial ownership. The standard deviation (22.726%) is greater than the mean (18.13%), and whilst this study found a positive average effect, a large amount of variation exists. This could mean that despite managerial ownership increasing asset efficiency, it may also cause managerial entrenchment due to very high ownership levels (Obembe et al., 2016).

Institutional ownership had a statistically significant positive effect on ROA (coefficient = 0.014, $p = 0.044$). This aligns with the findings of Abedin et al. (2022), who found that institutional ownership generally had a positive effect on firm performance in emerging markets. The findings show that institutional ownership aligns with the monitoring hypothesis (Kyere & Ausloos, 2020; Babalola et al., 2023). This gives us confidence that institutional investors are actively monitoring to improve asset efficiency in consumer goods manufacturing companies in Nigeria. Descriptive statistics show that institutional ownership was the largest proportion of ownership (41.18% on average). This means that institutional investors have large amounts of ownership in the company. However, the small coefficient shows that the economic effect is not as large when compared to managerial and foreign ownership. This partially aligns with Edeh et al. (2025), as institutional ownership depends upon firm and institutional characteristics.

Foreign ownership also had a positive and statistically significant effect on ROA (coefficient = 0.043, $p = 0.012$). This aligns with Mallinguh et al. (2020), who found that foreign ownership had a positive effect on financial performance. This also aligns with Yusuf & Isa (2023), who found a positive relationship

between foreign ownership and performance for non-financial listed companies in Nigeria. This aligns with the resource dependence theory, as Roedder & Schmid (2025) conducted a systematic review and found that foreign ownership can improve performance through improving technology, monitoring and accessing international capital. However, this depends on the situation. Descriptive statistics show that firms with foreign ownership made up 36.5% of the sample. This implies that the consumer goods manufacturing companies with foreign ownership are those affiliated with multinational companies. This means that having foreign investors has a positive effect, as they will bring many benefits to the company, such as global best practices, standardisation and better governance. This differs from other studies in the literature, which have found negative or insignificant effects. This backs up Roedder& Schmid (2025) findings, as the relationship between foreign ownership depends on institutional quality and the industry. In consumer goods manufacturing in Nigeria, the positive effect of foreign ownership overcomes any negative factors.

5.1 Conclusion

Overall, this study shows that ownership structure does have an impact on corporate performance for manufacturing companies listed in Nigeria. All three types of ownership had a positive and statistically significant effect on asset-based profitability (ROA). Whilst this is different to previous studies that have looked at market-based performance measures, the study concluded that ownership structure does have an impact on corporate performance. However, this study also found that ownership structure is influenced by capital structure decisions. Leverage had the single largest effect on ROA. This means that whilst implementing ownership structure reforms to improve governance, companies must also implement sound financial risk management.

5.2 Recommendations

As managerial ownership had a positive and statistically significant effect on ROA, boards of consumer goods manufacturing companies listed in Nigeria should continue to have (and increase if appropriate) institutional managerial ownership. This can include long-term equity incentive schemes, performance-related share schemes, etc.

As institutional ownership had a statistically significant positive effect on ROA, manufacturing companies listed should encourage their institutional investors to be active. This includes voting, attending shareholder and board meetings and engaging with management. The Securities and Exchange Commission (SEC) and Nigerian Exchange Group (NGX) should also encourage this.

As foreign ownership had a positive effect on ROA, manufacturing companies listed should aim to attract and retain strategic foreign investors. This can include having clear financial reporting, good corporate governance, good investor relations and sound risk management.

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