



Effect of proprietorship structure on firm execution using financial leverage as a mediating factor: non-financial listed firms in Pakistan stock exchanges

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Abstract

The great objective of the exploration is to figure out the effect of monetary influence as a mediation variable on the connection between ownership structure (administrative, family, concentrated and institutional proprietorship) and association's presentation of the non-monetary association recorded in Pakistan stock trade. To inspect the hypothesis, standard least-square relapse is utilized. The insights of this exploration are recorded from organizations on Pakistan Stock Exchange. Notwithstanding, Panel information is accessible just for 296 non-monetary organizations during the time interval of 2011-2020. The examination results show that the possession structure adversely impacts the monetary corporate presentation. Additionally, the monetary influence explains the connection between the possession structure (administrative, family, concentrated and institutional proprietorship) and monetary corporate execution. It is prescribed to the financial backers and different clients of financial statements to build the nature of their portfolio choices, by considering the secret effect of monetary influence on the relationship of possession fixation and the organizations' exhibition, in addition to the immediate effect of proprietorship structure (administrative, family, concentrated and institutional proprietorship) on the firm's performance. The research is novel as it has mixed outcomes that mirror poor and frail execution of the corporate governance code among Pakistani firms, which is a question of thought in developing nations like Pakistan.

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Introduction

The basic object of firms is Maximizing shareholders' wealth. Leveraged financing and corporate governance are significant contributors to rising shareholder wealth. While effective corporate governance contributes significantly to the growth of the firm's market value (Black, 2001; a firm can obtain funding in one of two ways: through debt or equity). This study's primary goal was to try to ascertain how financial leverage affected financial performance.

Managerial ownership means the shares owned by top-level manager directors and CEOs can be a positive impact on performance because of the reduction of the agency cost (Madiwe, 2014). Managerial ownership can be determined as follows it's equal to managers and directors owned shares divided by Total common outstanding shares these findings are supported to the agency theory in which he finds that how corporate managers decision their common stock ownership, what is their debt levels, and dividend policy (Claire E., 1989).

Agency theory tells that the separation between ownership and control leads to the agency problem because of the conflicts of interest between the manager and owner. The cost that occurs during this is called agency cost (Gardiner, C., 1932). Agency theory suggests that the increase in Managerial ownership will increase the firm performance because Agency costs depend on the managers and shareholders, and between bondholders and shareholders if investments are increasing the cost of equity is also increase and if the debt increases the cost of debt increase. (Meckling, 1976). Inside owners have a direct stake in firms and focus on the survival of the organization because the Manager of the firm takes the decision self-interest instead of the shareholder wealth maximization if the grater inside debt then it can reduce the conflicts of interest (Kararti, 2014).

They can either keep a little degree of obligation to keep away from insolvency or increment the degree of obligation to get benefits from less expensive financing managers preferred by the inside short-term debt because it is a less costly and low risk of financing (Viet A., 2016). Researcher (Oliver D. Har, 1986) argues that a positive relationship might exist between Managerial proprietorship and influence if high influence fills in as a bond, which might drive supervisors to accomplish more prominent incomes for covering interest installments and execution of the firm is naturally improve. Ownership affects the dynamic cycle and one of the choices is the influence choice so they should have a connection between Managerial proprietorship and monetary influence (Haris, A., 2014). The managerial

ownership structure is an impact on board composition which means that if you have the high inside investing then no conflict of interest and higher profitability ratio but the growth of the firm are low because of the shortage of funds the not taking the risk of external financing (Lappalainen, 2012).

Capital design manages how organizations finance their activity. A continuous discussion that incorporates money concerns the topic of a company's ideal capital construction, that is, the issue of how firms pick and change their strategic mix of securities. The detachment of possession and the executives (Berle and Means, 1932) of current ventures brought about office issues among investors and the board (Jensen and Meckling, 1976).

Ownership structure influences the decision-making process and one of the choices is the influence choice. This implies that there is a connection between proprietorship construction and capital design. The majority of the review is about possession's design sway on execution. Subsequently, the issue articulation of this review is to look at the connection between possession design and capital structure.

Examining the ownership structure and its effects on the debt financing companies listed on the Pakistan Stock Exchange was the study's main goal. The study's particular goals were as follows.:

To find out whether ownership is negatively related to total debt

To find out whether ownership structure Examining the ownership structure and its effects on the debt financing companies listed on the Pakistan Stock Exchange was the study's main goal. The study's particular goals were as follows.to the performance of the firm

This paper is divided into five parts including 'Introduction' illustrating the concept of ownership structure impact of financial leverage in non-financial firms in Pakistan. 'Literature Review' explains the structure of a managerial ownership, concentrated ownership, institutional ownership family-owned business, each of the three main issues, and how corporate governance assists it. 'Research Methodology' includes the method of collecting data how was it sampled 'Results' include discussion of how each variables main issues links with absence or deficiency of corporate governance followed by 'Conclusion' covering limitations and recommendations related to the study.

Literature review

The previous study shows that the inverse association between promoter ownership and leverage (chakraborty, 2016) in this article the promoter's ownership, capital structure use the

variable and use dynamic panel data (DPD) models for methodology. The empirical study of Ownership Structure on debt financing: In the Manufacturing Sector of Pakistan (mustangs, H., 2015) institutional ownership is negatively associated with leverage and questionnaire evaluation tools use for methodology. The effect of ownership structure on capital structure firms listed in China (Zhang, 2013) capital structure, managerial ownership, state ownership and legal person ownership used as variables and results shows that there is a significant impact on ownership structure on capital structure (Adam, 2015) Positive association shows between the profitability and capital structure. The higher the insider ownerships reduce the debt financing to minimize the risk and use the less cost short term debt (Phan, 2015). The variables used are short-term debt and inside debt and inverse relation shows. The larger firms which have large operating profits use the higher level of debt instead of inside equity (Ownership Structure and Debt-Equity Choic, 2000) and the result shows a significant relationship between the managers, directors and debt choice.

The inverse connection between administrative proprietorship and capital structure. The effect of possession on obligation/value proportion. The effect of both administrative possession and outside block holders on influence (Kararti, 2014). Show that homegrown possession is a positive connection to use and firms' admittance to long haul obligation, while foreign proprietorship is a negative connection with all proportions of influence. Shockingly, firms in the created country are abstained from getting long-haul obligations, recommending the accessibility of elective financing channels and the fixing of the loaning guidelines under the continuous financial change. (Li, 2007).

A direct connection between investment activities and debt, and that large firms tend to have a low percentage of Managerial ownership (Nyonya). In developing countries or emerging economies, the ownership structure of the firms plays a very important role in decision-making (Sivathaasan, 2013).the use the insider ownerships as the dependent variable.

In evaluating their interaction with the board and business performance, researchers and academicians have given the board's structure and composition a lot of thought (Coles, Daniel, & Naveen, 2008). Tobin's Q was used to analyses the impact of board size on performance, and the results showed that larger firms are more likely to have a greater impact than small firms. Similarly, (R. B. Adams & Mehran, 2005) found a positive significant impact on performance due to its board size measured by Tobin's Q. Similar results are found by studies of (Mak & Li, 2001), however, (Barnhart, Marr, & Rosenstein, 1994) and (Mak &

Kusnadi, 2005) determine a negative relationship of board member size. In evaluating their relationship with the board and business performance, researchers and academicians have given the board's structure and makeup a significant deal of consideration. (Ali & Tahira, 2022).

G. Bai, Da, & Elyasiani (2018), using data from Chinese banks, report on the impact of ownership concentration on banks' lending practises. The findings show that loan announcements typically receive a negative reaction.

The proponents of Agency theory have a view that a board which is consisted of a large number of directors tends to perform as a better monitor of the executive administration and hence, resolves the agency problem (Singh, S., Darwish, T. K., & Batsakis, G., 2018).

Ownership impact on the decision-making process and leverage decision is one of them in which so they must have a relationship between the Managerial ownership and financial leverage (Haris, A., 2014).

Ownership Concentration

Dispersed and concentrated ownership arrangements are typically described in literature as having an impact on a company's success. In developed nations, the ownership structure is spread, whereas in non-industrialized ones, it is concentrated (Bhimavarapu, & Kanoujiya, 2023). The concentrated ownership structure is claimed to have existed when a small number of investors held a significant portion of the company's stock, and it illustrates how poorly the legal system protects the interests of small investors (Ahmed Sheikh, N., Wang, Z., & Khan, S., 2013). Numerous mixed-results studies have been conducted to examine the relationship between ownership concentration and corporate success. (2013) Ahmed Sheikh, N. Wang, and S. Khan. The data of 270 non-financial listed businesses in Thailand were examined, and it was shown that ownership concentration had a positive correlation with Return on Assets and sales to Assets ratio (Wiwattanakantang, 2001). Ownership concentration had a positive link with price-earnings ratio and return on assets, but a negative correlation with Tobin's Q, according to an analysis of 107 Nigerian companies (Ehikioya, 2009). In 361 German mining and manufacturing industries, Lehmann and Weigand (2000) discovered a negative correlation between ownership concentration and business profitability. The following hypothesis is proposed

H1: Concentration ownership has a negative relation with financial leverage

H2: Concentration ownership ratio has a positive association with the performance of the firm

Managerial ownership

Managerial owners have a stake and direct beneficiary of an organization and their decision ultimately affects the maximization of shareholder wealth. The decision is based on either they keep a low level of debt to avoid bankruptcy or high debt for enjoying the benefit of cheaper financing. Grossman & Hart (2018) find out some studies show that's a positive association between Managerial proprietorship and total debt if greater leverage serves as a bond, which may encourage managers to achieve larger cash flows in terms of interest payments. Obradovich, J., & Gill, A. (2013). Find a negative connection between Managerial ownership and leverage. Therefore, we proposed the hypothesis is given below.

H3: Managerial ownership has a negative relation with financial leverage

H4: Managerial ownership ratio has a positive relationship with firm performance

Institutional ownership

In decrease agency costs, institutional ownership plays a very important role instead of Managerial ownership as the institutional owners see the firms working the same as creditors and inside owners. (Tarighi et al. 2022) Many sorts of exploration have analyzed the monitoring role of institutional possession for huge firms. (Brous, & Kini 1994) observe that organizations appear to be checked by foundations at the hour of issuance of value. (Agrawal, & Mandelker 1990) express that foundation play a checking job at the hour of the presentation of hostile to takeover sanction revisions. (Bathala et al.1994) remember institutional possession as an autonomous variable for an asynchronous model of Managerial proprietorship and influence. They portray that institutional proprietorship assumes the part of a substitute for Managerial possession and influence. (Joher et al.2006) track down a negative connection between institutional proprietorship and administrative value possessions, affirming that institutional financial backers assume a successful part in relieving office costs, because of an information test from Kuala Lumpur Stock Exchange, Indonesia. The accompanying speculation is proposed

H5: Financial leverage has a negative association with institutional ownership.

H6: firm performance has a positive connection with institutional ownership.

Family ownership

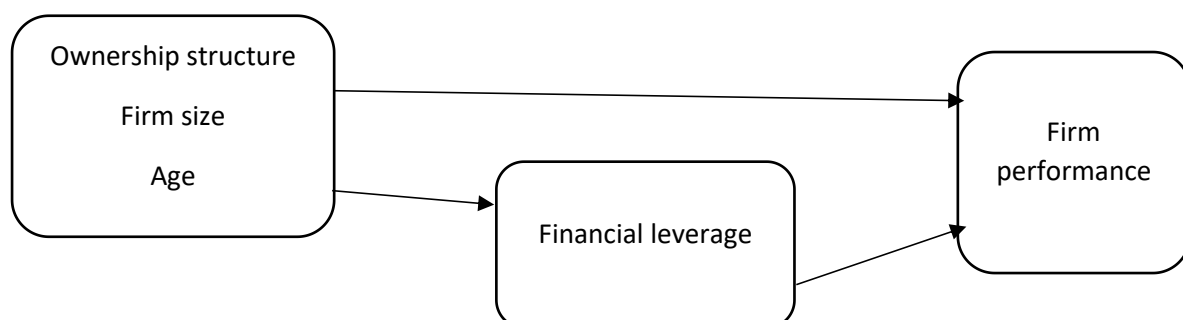
Family businesses give an advantage to both the family and the trade frameworks especially when combined in the right way (Anderson & Reeb, 2003; Winter M. , Danes, Koh, Fredericks, & Paul, 2004) . In order to surpass competitors, FOBs frequently use significant family resources. As a result, owning families have more employment and wealth prospects than non-owning families (Kozan & Akdeniz, 2014). Serious issues may arise if the family and the business do not work effectively together. Numerous anecdotal examples exist where the family destroys the business and the business destroys the family (Hienerth & Kessler, 2006) . How do the family and the company interact in a way that maximises the benefits of each system? This has been the question driving the area for the past three decades(Sharma & Nordqvist, 2008)?'

H7: Financial leverage has a negative relation with family ownership.

H8: firm performance has a positive relationship with family ownership

Firm size: Normally, positive relationship between the firm size and leverage. And negative effects with the chance of liquidation. The firm which size is greater are often more diversified with and their cash flow is stable. So, the chances of very less to meet in obligation. A number of the study confirm this result of the positive relationship between the firm size and debt (Titman and Wesels, 1988; Wald, 1999). The studies show the firm has greater size prefer long term debt and the firm have smaller in size is prefer short term loan due to this nature and higher bargaining power (Michaels, Chittenden, and Poutziouris, 1999).

Theoretical Framework



Methodology

Population and sample size

The total population is firms listed on Pakistan Stock Exchange. After screening the firms with incomplete data and exclude banking and insurance firms (financial institutions). The sample is 296 companies out of the index which has all ten years (2011-2020) financial statements must be available for inclusion in the study. The sample firm is selected on basis of those firms which have complete year data

Data Analysis Techniques

Interpretation of data analysis EViews software use.

Data Collection Methods

This analysis is based on the secondary data which have been taken from the official Pakistan website and publication of the annual reports Pakistan Stock Exchange and Security Exchange Commission of Pakistan (SECP).

Research Design

Descriptive research is used for finds the relationship between the variables. In quantitative analysis correlation and regression analysis was carried out to test the relationship between independent and dependent variable. The linear regression model was used and see the random effect of this study. The Housman test tells that we used a fixed or random model in this study .models .and used the control variable size of firms and find out the significance of the variable. The simple regression equation is expressed by

$$Y_{i,t} = \alpha + \beta X_{i,t} + u_{i,t}$$

Where I stands for stock and t stand for the period and y is the dependent variable, α is an intercept

And β is the coefficient of X donates independent variable stock I and time t .and u is an error or un-observed

Now according to the proposed hypothesis the following equation we draw

$$LEV_{i,t} = \beta_o + \beta_1 Managerial_Ownership_{i,t} + \beta_2 Institutional_Ownership_{i,t} + \beta_3 Concentration_Ownership_{i,t} + \beta_4 Family_Ownership_{i,t} + \beta_5 FSIZE_{i,t} + \beta_6 AGE_{i,t} + \varepsilon_{i,t} \quad (1)$$

$$ROA_{i,t} = \beta_0 + Managerial_Ownership_{i,t} + \beta_2 Institutional_Ownership_{i,t} + \beta_3 Concentration_Ownership_{i,t} + \beta_4 Family_Ownership_{i,t} + \beta_5 FSIZE_{i,t} + \beta_6 AGE_{i,t} + \varepsilon_{i,t} \quad (2)$$

$$ROA_{i,t} = \beta_0 + \beta_1 Managerial_Ownership_{i,t} + \beta_2 Institutional_Ownership_{i,t} + \beta_3 Concentration_Ownership_{i,t} + \beta_4 Family_Ownership_{i,t} + \beta_5 LEV_{i,t} + \beta_6 FSIZE_{i,t} + \beta_7 AGE_{i,t} + \varepsilon_{i,t} \quad (3)$$

$$ROE_{i,t} = \beta_0 + Managerial_Ownership_{i,t} + \beta_2 Institutional_Ownership_{i,t} + \beta_3 Concentration_Ownership_{i,t} + \beta_4 Family_Ownership_{i,t} + \beta_5 FSIZE_{i,t} + \beta_6 AGE_{i,t} + \varepsilon_{i,t} \quad (4)$$

$$ROE_{i,t} = \beta_0 + \beta_1 Managerial_Ownership_{i,t} + \beta_2 Institutional_Ownership_{i,t} + \beta_3 Concentration_Ownership_{i,t} + \beta_4 Family_Ownership_{i,t} + \beta_5 LEV_{i,t} + \beta_6 FSIZE_{i,t} + \beta_7 AGE_{i,t} + \varepsilon_{i,t} \quad (5)$$

$$TQ_{i,t} = \beta_0 + Managerial_Ownership_{i,t} + \beta_2 Institutional_Ownership_{i,t} + \beta_3 Concentration_Ownership_{i,t} + \beta_4 Family_Ownership_{i,t} + \beta_5 FSIZE_{i,t} + \beta_6 AGE_{i,t} + \varepsilon_{i,t} \quad (6)$$

$$TQ_{i,t} = \beta_0 + \beta_1 Managerial_Ownership_{i,t} + \beta_2 Institutional_Ownership_{i,t} + \beta_3 Concentration_Ownership_{i,t} + \beta_4 Family_Ownership_{i,t} + \beta_5 LEV_{i,t} + \beta_6 FSIZE_{i,t} + \beta_7 AGE_{i,t} + \varepsilon_{i,t} \quad (7)$$

Where,

LEV (i,t) It stands for the financial leverage for the stock I firm at time t. MANG(i,t) It stands for the Managerial proprietorship of the firm I at time t. INST(i,t) Are stands for the institutional shareholding of the I firm at time t CONSTR(i,t) It stands for the concentration shareholding of the I firm at time t. FSIZE(i,t) It stands for the size of the firm I at time t. ε (i,t) Is the random error term for the i firm at time t β_0 Is the intercept

Measurement of Variables

Managerial ownership is an independent variable are use it is calculated by the number of shares owned by managers and directors by Total common shares outstanding (Claire,E., 1989)

$$Managerial_Ownership = \frac{\text{total number of shares owned by managers and directors}}{\text{Total common shares outstanding}}$$

Institutional ownership is an independent variable that is using it is calculated by the outstanding shares owned by an institution like a financial institution, insurance corporation etc. BGD(Naveed, Voinea et al. 2021)

$$Institutional_Ownership = \frac{\text{Total outstanding shares owned by an institution}}{\text{Total common shares outstanding}}$$

Ownership Concentration is also an independent variable is used is calculated by the five shares holders out of outstanding shares owned by the firms Total common shares outstanding BGD(Naveed, Voinea et al. 2021)

$$Concentration_Ownership = \frac{\text{the sum of total shares held top five shares holder of firms}}{\text{Total common shares outstanding}}$$

Family ownership structure such as managerial ownership (MO), concentration ownership (CO) is an independent variable the ratio of females on the board as a proxy of BGD(Naveed, Voinea et al. 2021) if the family ownership is more than 20% passing value 1 otherwise 0

Financial leverage or Total debt is calculated by the dividing total debt of a firm by its total assets and also a total debt to total equity

$$\begin{aligned} \text{debt to assest} &= \frac{\text{total debt}}{\text{total assets}} \\ \text{debt to equity} &= \frac{\text{total debt}}{\text{total equity}} \end{aligned}$$

Firm performance is a dependent variable measure by

$$\text{Return on Assets (ROA)} = \frac{\text{total income}}{\text{total assets}}$$

$$\text{Return on equity (ROE)} = \frac{\text{total income}}{\text{total equity}}$$

$$\text{Tobin q} = \frac{\text{The market value of equity} + \text{book value of debt}}{\text{Total assets}}$$

Control variable

Size We use firm size (as measured by the logarithm of total assets) as a control variable in the regressions. (Madiwe, 2014).

$$\text{firm size} = \log \text{Total Assests}$$

Age is the number of years of incorporation of the firm used as a control variable (Madiwe, 2014).

$$\text{Age} = \text{the number of years of incorporation of the firm}$$

Unit root test

Table 1 shows the initial phase in board information the Levin-Lin-Chu test, a unit root test, is being examined by econometrics. All components are at a constant level during the period under consideration since, as the Table demonstrates, the measure of P-esteem is less than 5% for all factors. The ADF-Fisher unit roots test also shows the shows that are all the variables are stable and p- values are less than 5%.

Table 1

Variable	Levin et al.		ADF-Fisher	
	Statistic	P value	Statistic	p value
ROA	-9.9557***	0.000	718.527***	0.0003
ROE	-48.3687***	0.000	824.481***	0.000
TOBIN'Q	-24.6562***	0.000	870.015***	0.000
MOWN	-2596.85***	0.000	700.905***	0.000
FMO	-6.0983***	0.000	9.65874***	0.000
COWM	-698.55***	0.000	916.075***	0.000
IOWN	-7449.82***	0.000	965.47***	0.000
LEVA	-32.2712***	0.000	791.773***	0.000
LEVE	-78.0474***	0.000	978.049***	0.000
FSIZE	-122.134***	0.000	1022.2***	0.000

*** shows the at 1% significant level ** Shows at 5% significant level*shows at 10% significant level

Descriptive statistics

Table2 represents the graphic insights of population parameters wherein mean and standard deviation are determined for all factors. The best quality deviation has a place with ROE and the most minimal standard deviation is claimed by DEBT TO resources. The mean of proprietorship fixation is which addresses a high grouping of possession in Pakistan monetary firms recorded in securities exchange.

Table 2 Descriptive statistics

Variable	Mean	Median	Maximum	Minimum	Std. Dev	Skewness	Kurtosis	Probability
ROE	9.0723	8.7575	327.1190	-184.195	33.9517	1.4103	22.3517	0.0000***
ROA	3.3675	3.0625	103.9067	-117.102	12.2460	-0.6159	18.4868	0.0000***
TQ	1.6789	1.2128	25.5913	-4.50715	1.6576	4.8616	40.4399	0.0000***
MOWN	28.7013	20.6373	98.8522	0.0000	29.2736	0.6636	2.1526	0.0000***
COWN	66.1015	68.7498	99.8526	0.0000	20.9077	-0.5241	2.6344	0.0000***
FMO	0.5239	1.0000	1.0000	0.0000	0.4995	-0.0960	1.0092	0.0000***
IOWN	15.1347	8.3670	98.7868	0.0000	19.3505	2.0556	7.0130	0.0000***
LEVE	1.7576	1.1478	81.1155	-84.9208	6.4133	2.0318	68.3978	0.0000***
LEVA	0.6300	0.5723	6.8936	0.0000	0.4793	4.8572	41.4840	0.0000***
AGE	38.3108	35.0000	108.0000	5.0000	16.0110	0.5136	3.0021	0.0000***
FSIZE	15.3578	15.3091	20.57414	8.784928	1.6853	0.0169	3.3810	0.0001***

Covariance correlation

The table 3 result shows that's there is no correlation between the all independent variable the all values of the result is less than 0.5 so no multi correlation issue is to find out the in this data.

Table 3 Correlation

Probability	ROA	ROE	COWN	IOWN	MOWN	LEVA	LEVE	AGE	TQ	FSIZE
ROA	1									
ROE	0.4116	1								
COWN	0.0811	0.0767	1							
IOWN	0.0467	0.0135	-0.0247	1						
MOWN	-0.0916	-0.0946	0.0807	-0.2203	1					
LEVA	-0.3614	0.0051	-0.02	0.0126	-0.0574	1				

LEVE	-0.008	-0.2141	0.0082	0.0413	-0.0165	0.0403	1			
AGE	0.0154	-0.029	0.1218	0.0436	-0.1169	-0.0679	0.0123	1		
TQ	0.4171	0.2891	0.1107	-0.065	-0.2146	0.0679	-0.0023	0.0655	1	
FSIZE	0.1782	0.1389	0.099	0.0759	-0.2674	-0.0228	0.0555	0.084	0.1708	1

Table 4 shows the result of OLS regression in which financial leverage used as a dependent variable the result determines the concentrated ownership have negative and insignificant relation while managerial ownership and institutional ownership have positive and significant the first model in which used the financial leverage is total debt and equity, while 2nd model used the debt over assets.

Table 4. The test results according to dependent variable LEVE, LEVA						
Variables	1st model			2nd model		
	β	t-Statistic	p-value	β	t-Statistic	p-value
C	-0.5990	-0.4740	0.6355	0.9860***	10.4644	0
MOWN	0.0170***	2.4845	0.013	-0.0002	-0.4673	0.6403
COWN	-0.0059	-0.9655	0.3343	-0.0004	-0.9990	0.3178
IOWN	0.0120**	1.93249	0.0534	-0.0763**	-2.4990	0.0125
FMO	-1.194***	-2.91377	0.0036	4.1834	0.0089	0.9928
AGE	0.0044	0.595136	0.5518	-0.002***	-3.7348	0.0002
FSIZE	0.1650**	2.222469	0.0263	-0.0129**	-2.337	0.0195
R-squared	0.0074			0.0123		
Adjusted R-squared	0.0053			0.0102		
S.E. of regression	6.3960			0.4769		
Sum squared resid	120806.9			671.6599		
Log likelihood	-9689.38			-2004.93		
F-statistic	3.672236			6.1295		
Prob(F-statistic)	0.0012***			0.0000***		

Table 5 shows the result of OLS regression in which return on assets (ROA) used as a dependent variable model 3rd show the result of without mediation effect of financial leverage

the in which managerial have negative and significant relation while concentrated ownership also has significant relation.

Table 5. The test results according to dependent variable ROA						
Variables	3 rd model			4th model		
	β	t-Statistic	p-value	β	t-Statistic	p-value
C	-16.1504***	-6.8040	0	-6.9547***	-3.0966	0.002
MOWN	-0.0219*	-1.6992	0.0894	-0.0241**	-2.0150	0.044
COWN	0.0423***	3.6483	0.0003	0.0380***	3.5280	0.0004
FMO	0.0292	0.0380	0.9697	-0.683	-0.9538	0.3402
IOWN	0.0164	1.4009	0.1613	0.0164	1.5113	0.1308
LEVA				-9.3260***	-21.6529	0
AGE	-0.0105	-0.7462	0.4556	-0.0299**	-2.2859	0.0223
FSIZE	1.1384***	8.1623	0	1.0177***	7.8466	0
R-squared	0.0394			0.1711		
Adjusted R-squared	0.0375			0.1691		
S.E. of regression	12.0141			11.1623		
Sum squared resid	426232.5			367814.7		
Log likelihood	-11555.4			-11337.2		
F-statistic	20.2233			87.0589		
Prob(F-statistic)	0			0		

*** shows the at 1% significant level ** Shows at 5% significant level*shows at 10% significant level

Table 6 shows the result of OLS regression in which return on equity (ROE) is the dependent variable model 5th show the result without mediation effect of financial leverage while model 6th is with mediation effect of leverage the result describes the high significant value as compared to without mediation.

Table 6. The test results according to dependent variable ROE						
Variables	5th model			6th model		
	β	t-Statistic	p-value	B	t-Statistic	p-value
C	-16.1504***	-6.8040	0	-31.2403***	-4.8509	0
MOWN	-0.0219*	-1.6992	0.0894	-0.10977***	-3.1349	0.0017
IOWN	0.0423***	3.6483	0.0003	0.0016	0.0525	0.9581
FMO	0.0292	0.0380	0.9697	1.5710	0.7510	0.4527
COWN	0.0164	1.4009	0.1613	0.1370***	4.3476	0
LEVE				-1.1739***	-12.5178	0
AGE	-0.0105***	-3.2091	0.0013	-0.1205***	-3.1553	0.001

						6
FSIZE	1.1384***	602489	0	2.6199***	6.9177	0
R-squared	0.0316			0.0805		
Adjusted R-squared	0.0297			0.0783		
S.E. of regression	33.4432			32.5950		
Sum squared resid	3302793			3136315		
Log likelihood	-14585.7			-14509.2		
F-statistic	16.1107			36.9221		
Prob(F-statistic)	0			0		

*** shows the at 1% significant level ** Shows at 5% significant level*shows at 10% significant level

Table 7 shows the result of OLS regression in which Tobin's Q (TQ) is used as dependent variable the 7th econometric model result shows that without mediation effect of leverage while 8th model result shows the mediation effect of leverage in which managerial ownership and institutional ownership negative and significant result however the concentrated ownership positive significant effect while both cases family ownership have insignificant result shows.

Table 7. The test results according to dependent variable TQ

Variables	7th model			8th model		
	β	t-Statistic	p-value	β	t-Statistic	p-value
C	0.1107	0.3538	0.7235	-0.1004	-0.3157	0.7522
MOWN	-0.0092***	-5.4191	0	-0.0091***	-5.3991	0
COWN	0.0075***	4.9021	0	0.0076***	4.9752	0
IOWN	-0.0103***	-6.7225	0	-0.0103***	-6.7360	0
FMO	-0.2420**	-2.3844	0.0172	-0.2256**	-2.2251	0.0261
LEVA				0.2141***	3.5110	0.0005
AGE	0.0026***	1.4460	0.1483	0.0031*	1.6861	0.0919
FSIZE	0.0988***	5.3731	0	0.1015***	5.5293	0
R-squared	0.0887			0.0925		
Adjusted R-squared	0.0869			0.0903		
S.E. of regression	1.5840			1.5809		
Sum squared resid	7409.388			7378.575		
Log likelihood	-5558.05			-5551.88		
F-statistic	47.9387			43.0090		
Prob(F-statistic)	0			0		

*** shows the at 1% significant level ** Shows at 5% significant level*shows at 10% significant level

Nature and Form of Results and conclusion

The quantitative in nature and the results is that Managerial ownership, institutional ownership and Concentration ownership affect the financial leverage in a positive relationship which means higher inside holder the low the financial leverage or low level of debt. This result is according to Obradovich, J., & Gill, A. (2013). The dependent variables taken were returned on assets, return on equity and Tobin's Q. The findings showed that internal attributes of corporate governance have meaningful influence over corporate performance. The board extents or size and administrative proprietorship were found to have a critical effect over firm execution, while freedom is altogether coordinate with ROA and ROE. Concentrated ownership is importantly related to all measures of performance and both control variables are also significantly related to all performance measures (Choi, 2018).

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