OWNERSHIP STRUCTURE AND AGRICULTURAL OUTPUT IN NIGERIA

Dr. Victor O. Okoye[1], Dr. Chinasa R. Okoye[2]

[1] *Chief Lecturer, Banking and Finance Department, Federal Polytechnic Oko, Anambra State, Nigeria*
[2] *Principal Lecturer, Social Sciences Department, Federal Polytechnic Oko, Anambra State, Nigeria*

ABSTRACT

Ownership structure is the identity of company ownership and an important element of corporate governance which is potentially important to agricultural firms. The main objective of this paper is to examine ownership structure and agricultural output in Nigeria. Specifically, the study examined the effect of institutional shareholding, foreign shareholding and family shareholding on agricultural output. the study adopted Ex post facto research design. The Econometric technique involving Unit Root test for stationarity and Ordinary Least Square was used for the data analysis. The result of the study showed institutional shareholding, foreign shareholding and family shareholding had a positive and significant effect on agricultural output. The study concludes that ownership structure positively affects agricultural output in Nigeria. Amongst the recommendations is that the management of the agricultural firms should make more provisions for institutional shareholders for them to invest in their companies to enhance the agricultural output in Nigeria. The management should make policies that will enable more foreign investors to invest in the agricultural firms and the management of the agricultural firms should also make more policies that will limit the family members from holding more shares in companies.

Keyword: - *Ownership Structure, Agricultural Firms, Nigeria*

1. INTRODUCTION

The effect of ownership structure on agricultural firms has been of research interest in corporate finance literature. Often, managers' and shareholders' interests are usually not aligned, which results in problems that reduce a firm's value and performance (Tatiana & Stela, 2013). The importance of ownership structure on market share price of a company cannot be overemphasized. Ownership structure of a particular company gives people a fair view about the percentage of shares held by the institutional shareholding, foreign shareholding, family shareholding, block shareholding, state shareholding and managerial shareholding in the company. It also reveals the ownership pattern of a firm. However, as a company, ownership structure changes and ownership are separated from control. Meanwhile, the agency theory suggests that when the ownership of a firm is different from management of a firm, there is the tendency for agency costs to arise because of conflicts of interest between ownership and management of a firm. Shareholders are always regarded as the corporate owners, while directors are agents or representatives of shareholders who are supposed to allocate business resources to increase their wealth (Benjamin, Love & Kabiru, 2014). There are three determinants of a firm's value. The first is associated with external factors that are beyond the control of the firms. The second refers to internal factors and under the direct purview of the firms. These constitute managerial efficiency, governance structure, and ownership structure, among others that affect the firms' ability to cope with external factors. Lastly, the other factors that affect firm performance are firm size, leverage, and industry type (Kechi, 2011). Hence, ownership concentration is related to firm value since traditional theories argued that when ownership of a firm is concentrated in the hand of large shareholders, they have the incentive to monitor the managers' action through direct intervention to reduce agency problem (Chen & Swan, 2010; Albert et al., 2020). Also, in the studies of a diversification strategy, it was found that ownership concentration enhances corporate diversification and performance of a firm because it constitutes the largest investment in a corporate firm (Genc & Angelo 2012). Based on previous literature, it is observed that various forms of ownership structure have impacted

the firm's values. However, the study chooses to focus on whether ownership structures significantly affect a firm's value of quoted manufacturing firms and consider how desirable, such impacts are if they exist.

The ownership structures of companies are rapidly changing to match global challenges and demands. A firm's ability to make acceptable returns in this competitive environment determines its ability to survive in the future as the world's economies are becoming more and more globally integrated. Many scholars such as (Afang & Bature, 2016; Marouan & Moez, 2015; Benjamin, Love & Kabiru, 2014), believed that agency problem will be higher in some companies with diverse ownership structure because of the diverse interests between contracting parties and information asymmetry on the part of managers. The separation of ownership from management in most modern companies in the country mostly public companies, limits the involvement of shareholders in management decision making, including voluntary disclosure decision making process in particular company. Managers, as a result of this issue make use information at their disposal to work for their own interests to the detriment of the owners of the company. This study will focus on ownership structure and agricultural output in Nigeria.

Sahut and Gharbi (2010) viewed Ownership structure as the combination of ownership concentration, managerial Ownership, and institutional Ownership. Alipour and Amjadi (2011) also defined ownership structure as the composition of the most significant five shareholders, including institutional shareholders, individual and managerial shareholders. Shah, Safdar, and Mohammad (2011) saw Ownership structure as the percentage of shares held by Directors. López-Iturriag & Rodríguez-Sanz (2012) viewed Ownership structure as the composition of managerial ownership and concentrated ownership. Uwalomwa and Olamide (2012) regarded the ownership structure as decisions made by those who own or who would own shares. They measured ownership structure as the composition of Board ownership, Institutional Ownership, and foreign Ownership.

Agriculture primarily provides food for man and raw materials for agro-based industries. It consists of all the productive endeavors of man in collaboration with nature to rear plant and animal for a better harvest. It involves all aspects of farming, fishing livestock, rearing, poultry and forestry. Anyanwu (1997), state that agriculture has been the main source of gainful employment from which the nations can feed its teeming population, providing the nation's industries with local raw materials and also as reliable source government revenue.

Until the discovery of oil in Nigerian, agriculture was the most important sector of the economy accounting for more than two- thirds of colonial Nigeria's export earnings. The contributions of agriculture declined drastically during the civil war (1967-70) and after the discovery of oil in Nigeria due to lack of visionary planning for sustainable development. The oil boom devastated agriculture which fell from 60% of GDP in the 1960's to 31% by the early 1980's production declined because of inexpensive imports. Nigeria, a nation that had been a major agricultural net exporter and was largely self-sufficient in food production quickly became a net importer of agricultural commodities. Agriculture is a major contributor of Nigeria's GDP and small- scale farmers play a dominant role in this contribution (Rahji & Fakayode 2009) but their productivity and growth are hindered by limited access to credit facilities (Odoemenem & Boinne 2010). Agricultural credit is expected to play a critical role in agricultural development (Douong & Izumida, 2002). Farm credit has for long been identified as a major input in the development of the agricultural sector in Nigerian.

1.1 Statement of Problem

Over the years, there have been controversies concerning ownership structure and agricultural output in Nigeria. Berle and Means (1932) pointed out that potential conflicts of interest arise between firms' managers and dispersed shareholders when managers do not have an ownership interest in the firm. As such shares held by the managers in a firm helps to align the interests between shareholders and managers. When the manager's interests coincide more closely with those of shareholders, the conflicts between the shareholders can 'entrench' the controlling power over the firm's activities, leaving external or small shareholders with difficultly in controlling the actions of such ownership and this is assumed to have negative impact on market share price of agricultural firms in long run. In addition, most of the shareholders such as (institutional shareholding, foreign shareholding, family shareholding, block shareholding, state shareholding and managerial shareholding) wants long term maximization of their compensation and power (larger enterprises), management often pursue other interests' different from the shareholders' interest, and most times, this may have an adverse effect on the performance of the company which will affect the share price of the company in the market.

Besides, the agency problem in company arises because of considerable information asymmetry between shareholders and managers and uncertainty about strategic decisions from the managers of the company. This is because managers are assumed to have a more information at their disposal than shareholders in the organizations which makes it difficult for the shareholders to determine if the organization is being governed in their interests or not. However, due to the advantage that managers may take decision that will favor them, and that may be detrimental to the performance of the consumer goods company, this may affect the share price of the company in the long run (Khamis, Hamdan & Elali, 2015).

Again, over the past decades and half, a substantial volume of related empirical research by different scholars has been directed towards ascertaining the effect of ownership structures on agricultural output in Nigeria. Musa, Bdulrasheed and Umar (2020), who conducted a study on board size and ownership Structure and its effect on agricultural output in Nigeria. Umar and Danjuma (2020), also conducted a study on the effect of corporate governance on t agricultural output in Nigeria. Odinakachukwu (2019), examines the relationship between shares of ownership structure and financial performance. Ironkwe and Emefe (2019), examined the relationship between ownership concentration and return on equity. Richard, Baah and Richard (2019), conducted a study on determinants of profitability in different firms' ownership structures and how different ownership structures impact the profitability of listed firms. Alexandra, Belascu, Curea and Pentescu (2019), conducted a study on relationship between ownership concentration and corporate performance in the manufacturing sector in the European Union. On the other hand, Afensimi and Izedomni (2019), examined the relationship between ownership structure and dividend policy in Nigeria. It should be noted that most of these studies disaggregate the ownership structure to the managerial, institutional ownership, foreign ownership, in their studies without giving recourse to other ownership structure variables like family shareholding that also affect the agricultural output in Nigeria. Against this backdrop, the study examined ownership structure and agricultural output in Nigeria.

2. REVIEW OF RELATED LITERATURE

2.1.1 Ownership Structure

Bijalwan and Madan (2013), defines ownership structure as the share of equity with reference to votes and capital of the equity owners in the company. The ownership structure is very important to the corporate governance of a firm because this is one of factors that determine how managers work for the firm. Effective ownership structure of firms helps the management in reducing manager-shareholders conflict in stock ownership by board members of a particular company (Uadile, 2017).

Bansal (2005), indicated that the comity of investors and shareholders (owners) is generally made up of individuals, groups and institutions whose interests, goals, investment horizons and capabilities may vary considerably. As general shareholders, they have the right and capacity to influence company's fundamental issues including election of directors, amendments in company's organic documents, approval of extraordinary transactions, modifications in company's internal status and appointment of auditors. Jensen and Meckling (1976) classify ownership structure in terms of capital contributions, comprising inside investors (managers), and outside investors (debt holder and equity holder). Abel and Okafor (2010) define ownership structure as the percentage of share held by managers (managerial ownership), institutions (institutional ownership), government (state ownership), foreign investors (foreign ownership), family (family ownership) and etc.

Ownership structure is considered as one of the key determinants of the nature of agency theory; that is, whether the dominant conflict is between managers and shareholders, or between majority and minority shareholders. Most of the scholars believe that better overlap between ownership and management should be guided to minimize conflicts of interest between them, since this can have serious effect on the market share price of the firm (Abdul, 2016). However, effective ownership structure helps a firm to avoid issues of conflict of interests between the directors and shareholders by making information conformity and balance. On other hand, these structures motivate the management of the company to take the necessary measures for increasing the profit of the firm.

2.1.2 Institutional Shareholding

Institutional shareholding can be defined as ownership fraction or stake in a firm that is held by large financial organizations, pension funds or endowments. Institutions most a times, purchase large blocks of a firm's outstanding shares and can exert considerable influence upon its management. Therefore, institutional shareholders are usually professionals and they normally use their expertise in monitoring the management, while ensuring that their interests

align with those of the firm's interests. Institutional shareholding is measured by natural logarithm of equity held by various institutions as investors in the firm (Miko and Kamardin, 2015).

For example, institutional shareholders can be banks, mutual funds, insurance companies, clubs, societies, churches and mosque. A number of researches have examined the relationship between institutional ownership and firm performance. However, they all have conflicting outcomes. For instance, some research findings show that there is no relationship between institutional ownership and firm performance (Ullah, and Shafiullah, 2012). In the same vein, some of the researchers also agreed that there is positive relationship between institutional shareholding and firm performance (Vinh, 2014; Reem, Allam & Wajeeh; 2015); Saseela and Thirunavukkarasu, 2017).

2.1.3 Foreign Shareholding

Foreign shareholding can be defined as fraction or stake in a firm that is held by large foreigners in the organization. Foreign ownership is anticipated to put in a positive effect on firm performance in some ways. The very first means is through large acquisition of a firm's share by overseas investors which is done through globalization. This is supposed to provide useful monitoring to the management which could exert positive effect on firms' performance Akinyomi (2013). Also, there is this school of thought that believes that bringing foreigners on the board of the firms may signal compliance with the global corporate governance system. The cost of this is assumed to be very highly capable of stopping the executive from extracting secluded benefits, which often fortifies the duties of the company to safeguarding the interest of minority shareholders in the firm. It is expected therefore, to have a positive effect on profit overall performance of the company (Appah, Okoroafor & Bariweni, 2013).

The fourth facet of the components of ownership structure is foreign ownership. Foreign ownership is assessed by the ratio of foreign shareholding stake to the total shareholding. The effect of foreign ownership upon financial institution profitability is linked to several reasons; first the capital contributed by foreign investors reduced the fiscal costs of rebuilding financial institutions. Secondly, foreign banks may provide expertise in risk management and a more outstanding culture of corporate governance, leading to more efficient banking operations. The presence of foreign financial organizations also raises the level of competition and urged local financial institutions to reduce costs and improve their performance. Moreover, if an important part of the firm's shares is possessed by foreign shareholders, it might be a signal that foreign investors have confidence in those firms which may lead to the higher companies' valuation (Aburub, 2012).

Most significantly, is making the national economies accessible to overseas trade and investment which has great importance on corporate governance procedures in the economies (Benjamin, Love, and Kabiru, 2014). The implication of the emergence of foreign banks into the growing economies is linked to two views; first, foreign financial institutions, as they are privately owned and controlled, have greater incentives to monitor management to assure larger returns on investment when compared to public banks. The other view is that, the institutions have upper hand to check managers against their local counterparts in growing economies (Benjamin, Love & Kabiru, 2014).

2.1.4 Family Shareholding

Family ownership occurs when families own the largest proportion of the firm's share**.** The different definitions of family ownership type of business are bothering around contents, objectives and family influence as the general aspects of the family business. However, the major characteristic of the family ownership is the concentration and controlling pattern of ownership in the firm, whereby the firms are generally controlled by the founders and their related family members who would usually like to hold a few block-shares that cumulatively control the firm. (Attig, Boubakri, El Ghoul & Guedhami, 2015).

Most definitions particularly emphasize the ownership, family involvement, and family control. Most importantly, the interest to invest globally is for people to have their personal enterprises and earn profit. The family business can also adopt the form where there would be board of directors, Chief Executive Officers and managers of the firms from the families, in that case, performance of the family-owned business will normally depend heavily upon many factors such as economic conditions of the country, political situation in the country, and so on. Because differences in the general and economic environment exists (e.g. Level of competition in product and capital markets), this may produce different performance output in different countries. In the same vein, Family enterprises may differ in many

respects such that will impact performance like in the area of ownership structure, firm's culture, managerial philosophy and experience that will have great influence on the firm decision-making process and performance.

The agency theory comes into play here where, it presumes that the agency problem can be stemmed down or out rightly gotten rid of with the family at the helms of the management to the enterprise to initiate and pursue positive firm's value to a greater extent. Corroborating this argument, Villalonga and Amit (2004), presumed that the family concentrated firms create values only when it is associated with family management and control, and that Family management adds value as long as the founder serves as the CEO on the firm or as its chairman with a non-family CEO. When descendants of the founder serve as CEO, firm value is destroyed because excessive family control of ownership is often displayed in custom of multiple shares classes, pyramids, cross-holding, or voting agreements. These strategies reduce the shareholder values.

Demsetz and Lehn (1985), provides the evidence that family concentrated firms reduce managerial costs. Evidently also, the study of Fame and Jensen (1985), argues that although the family ownership caused agency costs, which leads to sub-optimal investment decisions, it creates high managerial compensation and employment of competent family managers.

Morck, *et al* (2000), contributes to the academic exposition that firms have undiversified shareholding pattern (i.e. family concentrated) forgo maximum profits, due to the difficulty of their financial preference with the outside holders. The family concentrated firms limit the executive management position to the family members, so these suffers to obtain talent and qualified capable employees from the labor pool.

McConaughty, *et al.* (1998), Anderson and Reeb (2003), suggests that family-controlled firms should enhance the firms' value due to their large wealth investment, interest in reducing the agency conflict and in managing firm resources in a manner as to create firm value. Demsetz, H., and Lehn, K (1985), found that firm's value is closely related with high family-owned firms, because the family appointed persons to closely monitor the managers and compact the free ride problem inherent with small organizations. But Maury (2016), finds that in the Western European (developed) countries, family-controlled business increases firms' profitability, whereas legal environment protects minority shareholders against family opportunism. Ben-Amar and Andre (2015), also finds that a large proportion of Canadian public companies have controlling shareholders (families) that often exercises control over voting rights while holding a small fraction of cash flow rights. This separation of ownership from control rights is achieved through the concurrent use of odd dual class voting shares and stock pyramids. However, while Canada is believed to offer good protection to minority shareholders, majority shareholders are able to obtain private benefits.

The relationship between family-owned businesses and the performance of the firms is very important. Pindado, *et.al* (2018), finds that the worth of the firms can be increased through efficient management of family-owned business. If the entire control for the business is only in one hand, it can reduce the significance of the business. Maury (2016), discussed that developed countries promotes family-owned business because they can manage their business effectively in view of their exposure to enormous funds, hence they generate profits for their people. However, some legal forces are also there to safeguard the rights of other people as well. When family members are managing and controlling all the operations of a family-owned business, only then will these types of businesses be effective. Anderson, *et.al* (2013), investigated the non-linear relation between the family-owned business and a business controlling other than family members and when the family associates are controlling all business activities or having command of the firm, performance is superior to outsiders' management of business.

Nigeria is a developing country and it is seen that the family-owned businesses are performing better than the non-family members' management of the firm. The instances in cite are the Dangotes, Innosons, Obiomas, Lafyages, Dantatas and so on in Nigeria. Din, *et.al* (2011), carried out research on the relation between family ownership and efficiency of the firms in Pakistan for the period of six years (2004 to 2009) listed at Karachi Stock Exchange-100 index in Pakistan using ROA, ROE to evaluate the efficiency of the firms and found positive association between family-owned business and the efficiency of the firm.

Maury (2016), suggested that management of the family ownership can increase the firm valuation by using financial ratios of family business. Contrarily, Smith and Amoako-Adu & Smith (1999), identifies that firms can increase the profits and their sustainability in the industry through directions and management of outsiders.

According to Brown and Caylor (2019), no former CEO serving on the board is as beneficial for the firms as it is expected to improve the financial and operating conditions of the firms.

2.1.5 Agricultural Output

The word agriculture is a late Middle English adaptation of Latin "agricultra" which was derived from „ager‟ meaning „field‟ and „cultura‟ meaning „cultivation‟ or „growing‟. Agriculture is the systematic raising of useful plants and livestock under the management of man (Ekerete, 2012). Agriculture includes cultivation of crops and tending of livestock for the purpose of production of food and fiber for humans. In relation to crop farming and livestock farming, the term "agriculture" may be defined as: the art and science of growing plants and other crops and the raising of animals for food, other human needs, or economic gain. This definition describes agriculture as both an art and a science and thus includes specialized disciplines; the words "growing" and "raising" are descriptive of enterprise, activity or practice. It has two main divisions: plant or crop production and animal or livestock production; and its ultimate purpose are for food production, other human needs, or for economic gain. Agriculture has been defined by Ahmed (2013) as the production of food and livestock and the purposeful tendering of plants and animals. He stated further that agriculture is the mainstay of many economies and it is fundamental to the socio-economic development of a nation because it is a major element and factor in national development. Agriculture is an enterprise, activity or practice. It is synonymous to farming. The practice of agriculture is based on systematized body of knowledge (science) and requires skill (art). Agriculture often involves the cultivation of the soil to grow plants and the raising of animals for human needs. The words "crops" and "livestock" are also used. However, both words are special or technical terms. "Crops" should clearly mean plants which are useful to man while "livestock" applies to both domesticated animals and poultry. Agriculture is an important sector of Nigerian economy. Before the discovery of oil in the country in the late 1950s and early 1960s, agriculture was the dominant sector of Nigeria economy. It constituted over 65% of the country's Gross Domestic Product (GDP) and provided the bulk of the foreign exchange earnings through the export of cash crops. The sector is one of the most important sectors of Nigeria's economy. It holds a lot of potentials for future economic development of the nation, having played dominant role in the remote past. With the emergence of oil as a major source of government revenue and foreign exchange earner the sector was neglected and hence led to the decline (Ukpong & Malgwi, 1991).

2.2 Theoretical Framework

This research paper anchored upon the agency theory which was initially developed by Berle and Means (1932) who argued that due to a continuous dilution of equity ownership of large corporations, ownership and control become more separated. This situation gives professional managers an opportunity to pursue their interest instead of that of shareholders. In the theory, shareholders are the only owners of a company, and the task of its directors is merely to ensure that shareholders' interests are maximized. More specifically, the duty of directors is to run the company in a way which maximizes the long-term return to the shareholders, and thus maximizes the company's profit and cash flow.

The problem is that the interest of the principal and the agent are never exactly the same, thus the agent, who is the decision-making part, tends always to pursue his own interests instead of those of the principal. It means that the agent will always tend to spend the free cash flow available to fulfill his need for self-aggrandizement and prestige instead of returning it to shareholders (Jensen & Ruback, 2003). Hence, the main problem faced by shareholders is to ensure that managers will return excess cash flow to them (e.g. through dividend payouts), instead of having it invested in unprofitable projects.

2.3 Empirical Review

Ewubare, and Asimiea (2018) examined the determinant of agricultural production and agricultural sector output in Nigeria. The study was carried out based on secondary data collected through the CBN statistical bulletin unit root test was conducted test and granger causality test were used as the main statistical tests. The findings from the study based on the OLS results shows that agricultural funding, agricultural credit/loan as well as exchange rate have positive relationship with agricultural production output. Also, the granger causality test shows that agricultural funding, agricultural credit loan as well as exchange rate impact on agricultural production output.

Julius, Barine and Adesina (2015) analyzed Capital Structure and Financial Performance in Nigeria between 2005 to 2012 employing the correlation and regression model. The study indicates that capital structure has a significant positive relationship with the financial performance of Nigeria quoted banks.

Nwaolisa and Ananwude (2016) examined the effect of equity finances l the performance of manufacturing firms in Nigeria within the period of 1993 to 2013. This study indicates that financial structure has negative effect on the financial performance of the Nigerian consumer goods firms. The study suggests that firm's management should established a debt-equity mix capable of improving financial performance notwithstanding the proxy adopted for assessing performance.

Nikoo (2015) employing the data of 17 banks over a period of 2009–2014, observed a significant positive effect of capital structure choice on the performance of the sampled banks.

Alzeaideen, and Sara (2020), conducted a study on the effect of different ownership structure (The largest, Five Greatest, Institutional and Individual Shareholder Structure) on share price volatility of listed companies in Amman Stock Exchange. The study adopted panel data analysis. The analytical techniques for the study were OLS (Ordinary Least Square) and SUR (Seemingly Unrelated Regression). The OLS finding of the study revealed that there is positive statistically significant relationship between the largest shareholders and that there is share price volatility. Also, the results revealed a positive and significant relationship between the five greatest shareholder and share price volatility.

Musa, Bdulrasheed & Umar (2020), conducted a study on Board Size and Ownership Structure and its effect on financial performance. The study was conducted by Deposit Money Banks (DMB) in Nigeria. The study data was panel data. The data was sourced from Annual Reports of 16 quoted/listed DMB in Nigeria for the period 2011-2015. The findings of the study revealed that board size has a negative effect on both return of Asset (ROA) and return on capital equity (ROCE) though not statistically significant and the other dependent variable of ownership structure indicate a positive effect on ROA and a negative effect on ROCE. The researcher then recommended that regulators to develop consolidate and review as the need arises, a robust and all-inclusive corporate governance framework.

Yıldız, Utku , Serap & Burcu (2019), examined the impact of ownership structure on share prices. The study adopted Turkish data. The study also made used of multiple regression model. The findings of the study revealed that inside ownership, largest ownership, concentrated ownership, foreign shareholders, family controlled and dispersed ownership are important to explain stock prices during the crisis periods. Also, the shares of firms that have concentrated, largest and dispersed ownership structure are outperform comparing with the other firms.

Mohammad, Seyed, Mehrdad & Hossein (2019), conducted a study on the effect of ownership structure (shareholders structure) like individual or institutional, internal or external, being focused or disseminated of the shareholders on the share price volatility of listed companies in TSE. The study adopted multiple regressions. The findings of the study revealed that price of shares of the companies whose more percentage of shares are held by their greatest shareholders may have more volatility and the share price volatility of the companies that the more percentage of their shares held by individual shareholders is lower. The study recommended that ownership of five greater shareholders, institutional shareholders and members of the board of directors might not show any solution for investors interested in share price volatility.

Odinakachukwu (2019), examined the relationship between share ownership structure and financial performance. The study was conducted in listed consumer goods companies in Nigeria. The data was sourced from secondary source. The data was analyzed with Least Square (GLS) regression technique in view of the cross-sectional nature of the data in order to mitigate the interference of heteroscedasticity in the results. The findings revealed that there is positive relationship between managerial share ownership and financial performance. It was recommended that the current policy inclination towards share ownership diffusion by the regulatory authority in Nigeria should be entrenched, since it appears to enhance businesses' efforts at maximizing their financial performance.
Ogaluzor, Odinakachchukwu & Omesi (2019), investigated the relationship between share ownership structure and financial performance of listed consumer goods companies in Nigeria, using a cross-section of secondary data for 2016 fiscal year, which were obtained from the published annual reports of the firms. Share ownership structure was viewed from the dimensions of ownership concentration and managerial share ownership, while financial

performance was measured with return on assets. Firm size was used to control for heterogeneity in firm-specific characteristics. A Generalized Least Square (GLS) regression technique was used, in view of the cross-sectional nature of the data in order to mitigate the interference of heteroscedasticity in the results. On the final analysis, results obtained confirmed a significant negative relationship between ownership concentration and financial performance thereby upholding the entrenchment effect hypothesis. On the other hand, though a positive relationship was confirmed regarding the relationship between managerial share ownership and financial performance, results obtained fell short of statistical significance at the conventional level. In line with the findings of the study, it was recommended that the current policy inclination towards share ownership diffusion by the regulatory authority in Nigeria should be entrenched, since it appears to enhance businesses' efforts at maximizing their financial performance. However, caution needs to be applied as this policy may not suit some other sectors. Also, equity compensation plan should be explored by consumer goods manufacturing companies in Nigeria as this is expected to resolve the principal-agent conflict.

3. METHODOLOGY

3.1 Research Design

Ex post facto research design was adopted in the study due to the nature of data collected; the study used secondary data which were sourced from the annual reports of the quoted agricultural firms. The targeted population in this study is the six (6) quoted agricultural firms in Nigeria, they are Ellah Lake, Fincocoa Prossing Plc, Livestock Feeds Plc, Okomu Oil, Presco Plc and Okitipupa Oil Palm. The model aims to regress ordinary share, retained earnings, long term debt ratio and short-term debt ratio on agricultural output of the quoted firms.

3.2 Model Specification

The model used for the study was the adaption and modifications from the work of Ihedike (2019). The model is stated thus:
AOT=f(ISH, FRSH)
Where:
AOT = Agricultural Output
ISH= Institutional Shareholding
FSH= Foreign Shareholding
μ = stochastic term (error term)
The model was adopted and modified.
AOT=f(ISH, FRSH, FSH)
$AOT=b_0 + b_1 ISH\ b_2FSH+ b_3FSHTR + Ut$ - - - - 1
Where:
AOT = Agricultural output
ISH= Institutional Shareholding
FRSH= Foreign Shareholding
FSH=Family Shareholding
b0 = the constant
B1- b3 = the coefficients of the explanatory variables
Ut = Error term

3.3 Method of Data Analysis

The data will be analyzed with econometric techniques involving Augmented Dickey Fuller tests for Unit Roots and the Ordinary Least Square (OLS).

4. DATA ANALYSIS

4.1 Unit Root Test

Table -1: Summary of the Unit Root Result

Variables	T-statistics	Probability	Order of Integration
AOT	-6.088595	0.0000	1(0)
ITO	-3.867397	0.0053	1(0)
FRSH	-4.619034	0.0010	1(0)
FSH	-5.531824	0.0031	1(0)

Source: Computation from E-view Version 9.0

The table above shows that agricultural output, institutional shareholding, foreign shareholding, and family shareholding assume stationary at levels. This is indicated by the probability values of the test which are below 0.05 levels of significance.

4.2 Analyses of the effect of ownership structure and agricultural output in Nigeria

Table -2: Ordinary Least Square

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.667553	0.824890	10.809263	0.0260
ISH	0.164745	1.010577	2.163021	0.0058
FRSH	0.518247	0.672745	3.770347	0.0183
FSH	0.068816	0.039042	2.762604	0.0302

R-squared	0.712561	Mean dependent var	4.676947
Adjusted R-squared	0.655073	S.D. dependent var	7.153306
S.E. of regression	6.953540	Akaike info criterion	6.888364
Sum squared resid	1208.793	Schwarz criterion	7.165910
Log likelihood	-100.7696	Hannan-Quinn criter.	6.978837
F-statistic	19.349696	Durbin-Watson stat	2.971283
Prob(F-statistic)	0.006525		

Source: E-view Version 9.0

Institutional Shareholding: The coefficient institutional shareholding is positive at 0.164745 with probability value of 0.0058 which revealed that institutional shareholding had positive and significant effect on agricultural output in Nigeria. The implication is that 1 unit increase in revenue from institutional shareholding will lead to 0.65 increases in agricultural output.

Foreign Shareholding: The coefficient of foreign shareholding is positive at 0.518247 with probability value 0.0183 which showed that foreign shareholding had positive and significant effect on return on agricultural output. This means that 1 unit increase in revenue from foreign shareholding will lead to 0.518 increases in agricultural output**.**

Family Shareholding: The coefficient family shareholding is positive at 0.068816 with probability value of 0.0302 showed that family shareholding had positive and significant effect on agricultural output. This means that the 1 unit increase in revenue from family shareholding will lead to 0.068 increases in agricultural output.

The coefficient of the Adjusted R-squared = 0.655073 showed that about 66% of changes in agricultural output is accounted for by the level of ownership structure in Nigeria. This implies that ownership structure is one major contributor on the agricultural output in Nigeria

The F-statistics (19.349696; p. < 0.05) indicated that all the variables of the model (ownership structure variables) have significant effect on agricultural output in Nigeria.

The Durbin Watson statistics (2.971283) showed that there was no autocorrelation in the model employed.

4.3 Test of Hypotheses

To test the hypotheses, the statistical significance of the individual parameters in the Ordinary Least Square analysis in Table 4 is use to test hypotheses.

Hypothesis One
Decision Rule:

Reject null hypothesis if p-value is less than 0.05 (i.e. $P < 0.05$) and accept alternate hypothesis. Otherwise accept null and reject the alternate.

H_0: Institutional shareholding does not have positive and significant impact on agricultural output in Nigeria
H_1: Institutional shareholding has positive and significant impact on agricultural output in Nigeria

From table 2 above, since the probability value is less than 5% ($0.0058<0.05$), the null hypothesis is rejected while the alternative hypothesis is accepted implying that: institutional shareholding has positive and significant impact on agricultural output in Nigeria. The implication is that 1 unit increase in revenue from institutional shareholding will lead to 0.65 increases in agricultural output in Nigeria.

Hypothesis Two
Decision Rule:

Reject null hypothesis if p-value is less than 0.05 (i.e. $P < 0.05$) and accept alternate hypothesis. Otherwise accept null and reject the alternate.
H_0: Foreign shareholding does not have positive and significant effect on agricultural output
H_1: Foreign shareholding has positive and significant impact on agricultural output

From table 2 above, since the probability value is less than 5% ($0.0183<0.05$), the null hypothesis is rejected while the alternative hypothesis is accepted implying that foreign shareholding has significant effect on agricultural output. This means that 1 unit increase in revenue from foreign shareholding will lead to 0.518 increase on agricultural output.

Hypothesis Three
Decision Rule:

Reject null hypothesis if p-value is less than 0.05 (i.e., $P < 0.05$) and accept alternate hypothesis. Otherwise accept null and reject the alternate.

H_0: Family shareholding does not have positive and significant effect on agricultural output
H_1: Family shareholding does not have positive and significant impact on agricultural output

From table 2 above, since the probability value is less than 5% ($0.0302<0.05$), the null hypothesis is rejected while the alternative hypothesis is accepted, implying that family shareholding has significant effect agricultural output. This means that the 1 unit increase in revenue from family shareholding will lead to 0.068 increases in return on equity.

5. CONCLUSION

The result of the study indicates that ordinary share, retained earnings, short term debt ratio and long-term debt ratio has positive and significant effect agricultural output. The study therefore concludes that ownership structure has positive effect on the output of agricultural firm Nigeria within the period under study.

6. RECOMMENDATION

Following our findings, the study recommends that,

- The management of quoted agricultural firms should work very hard to optimize the ownership structure of their quoted agricultural firms in order to increase the agricultural output and investment. They can do that through ensuring that their capital structure is optimal.
- Quoted agricultural firms should increase their commitments into ownership structure in order to improve agricultural output
- The Management of quoted agricultural firms must caution against the apparent benefits of greater leverage simply as a device for controlling managerial opportunistic behavior. First, debt and equity represent different constituencies with their own competing, and often mutually exclusive, goals. Second, as the level of debt increases, the capital structure can change from one of internal control to one of external control.
- Investors and stakeholders of quoted agricultural firms in Nigeria should also consider the leverage level of any firm before committing their hard-earned money as the strength of a firm financing mix determine the quantum of their returns.

7. REFERENCES

[1]. Abbas, Ali, Zahid Bashir, Shahid Manzoor, & Muhammad Nadeem Akram. (2013). Determinants of firm's financial performance: An empirical study on textile sector of Pakistan. Business and Economic Research 3: 76–86.

[2]. Abdel-Jalil, T. (2014). Impact of capital structure on the performance of the Jordanian publicly-held industrial companies: *Jordan Journal of Business Administration 10: 390–403.*

[3]. Abor, J. (2005). Effect of capital structure on profitability: An empirical analysis of listed firms in Ghana. The Journal of Risk Finance 6: 438–45

[4]. Abu-Rub, N. (2012). Capital structure and firm performance: Evidence from Palestine stock exchange. Journal of Money, Investment and Banking 23: 109–17.

[5]. Adeyemi, S. B. & Oboh, C. S. (2011). Perceived relationship between corporate capital structure and firm value in Nigeria. *International Journal of Business and Social Science, 2(19): 131-143.*

[6]. Ajayi O., Dada Z. B & Ghazali (2016). Impact of capital structure on firm performance: empirical evidence from Nigeria: IOSR Journal of Economics and Finance (IOSR-JEF) 7, (4) 23-30

[7]. Akeem C. B., Edwin T. K. K. & Kayode A. M. (2014). Effects of capital structure on firm's performance: empirical study of manufacturing companies in Nigeria. *Journal of Finance and Investment Analysis, (3),5-38*

[8]. Awan, T. N., Rashid M. & Zia-ur-Rehman, M. (201). Analysis of the determinants of capital structure in sugar and allied industry: *International Journal of Business and Social Science, 2(1): 221-229.*

[9]. Azhagaiah, R. & Gavoury, C. (2011). Impact of capital structure on profitability with special reference to IT industry in India. Managing Global Transitions, *9(4): 371-392.*

[10]. Barney, J. B., (2001). Resources – based theories of competitive advantage: A ten year retrospective on the resource – based view: *Journal of Management, 27(6): 643-650.*

[11]. Chowdhury, Anup, & Suman, P. C. (2010). Impact of capital structure on firm's value: Evidence from Bangladesh. *Business and Economic Horizons 3: 111–22.*

[12]. Ebaid, Ibrahim El-Say. (2009). Impact of capital-structure choice on firm performance: Empirical evidence from Egypt. *International journal of business (9),3,7*

[13]. Eniola, O. J & Adewunmi, A. A. (2017). Impact of capital structure on the profitability of selected quoted banks in Nigeria: *International Journal of Economics, Commerce and Management United Kingdom (1),3,8*

[14]. Flamini, V, & Liliana S (2009). Determinants of commercial bank profitability in Sub-Saharan Africa. IMF Working Paper No. 09/15. International Monetary Fund, Development and Research, 43, 225 -230.

[15]. Gujarati, D. and Dawn P. (2009). Basic Econometrics. New York: Tata McGraw-Hill Education.

[16]. Haque, G. & Colin K. (2011). Corporate governance and capital structure in developing countries: A case study of Bangladesh. Applied Economics 43: 673–81. [CrossRef]

[17]. Hasan, M. and Nurul A. (2014). Influence of capital structure on firm performance: Evidence from Bangladesh. *International Journal of Business and Management 9: 184–94.*

[18]. Hossain, I. & Akram H. (2015). Determinants of capital structure and testing of theories:

[19]. Jahan, N. (2012). Determinants of bank's profitability: Evidence from Bangladesh. Indian Journal of Finance *6: 32–8*.

[20]. Memon, F. & Ghulam A. (2012). Capital structure and firm performance: A case of textile sector of Pakistan. *Asian Journal of Business and Management Sciences 1: 9– 15*.

[21]. Modigliani, F. and Merton H. M. (1958). *The cost of capital, corporate finance and the theory of investment. The American Economic Review* 48: 261–97.

[22]. Modigliani F & Miller M (1958). The cost of capital, corporation finance and the theory of investment, American Economic Review, 48:261-97.

[23]. Mohammadpour B. (2012). Relationship between capital structure and firm performance evaluation measures: Evidence from the Tehran stock exchange. *International Journal of Business and Commerce 1: 166–81*.

[24]. Muritala, T. A. (2012). Empirical analysis of capital structure on firms' performance in Nigeria. International Journal of Advances in Management and Economics 1: 116–24.

[25]. Nikoo, S. F. (2015). Impact of Capital Structure on Banking Performance: Evidence from Tehran Stock Exchange. *International Research Journal of Applied and Basic Sciences 9: 923–27*.

[26]. Obamuyi, T. M. (2013). Determinants of banks' profitability in a developing economy: Evidence from Nigeria. Organizations and Markets in Emerging Economies 4: 97–111.

[27]. Ogebe, O., Ogebe J. & Alewi K. (2013). Impact of capital structure on firm's performance in Nigeria". MPRA Paper No.46173

[28]. Ramadan, Z. and Imad R. (2015). Capital structure and firm's performance of Jordanian manufacturing sector. *International Journal of Economics and Finance 7: 279–84*.

[29]. Rouf, Md. Abdur. (2015). Capital structure and firm performance of listed non-financial companies in Bangladesh. International Journal of Applied Economics and Finance 9: 25–32.

[30]. Safiuddin, M. and Anisuzzaman F. (2015). Impact of financial structure on firm's performance: A study on financial and nonfinancial sector in Bangladesh. *European Journal of Business and Management 7: 30–38*.

[31]. Wooldridge, M. (2015). Introductory Econometrics: A Modern Approach. Ontario: Nelson Education.

IJARIIE