

SECTION 2



THE EFFECT OF THE OWNERSHIP STRUCTURE CHARACTERISTICS ON FIRM PERFORMANCE IN OMAN: EMPIRICAL STUDY

Ebrahim Mohammed Al-Matari*, Ali Saleh Al_arussi**

* School of Accountancy (SOA), College of Business (COB), Universiti Utara Malaysia (UUM), Malaysia. Amran University, Yemen

** School of Accountancy (SOA), College of Business (COB), Universiti Utara Malaysia (UUM), Malaysia

Abstract

This study attempts to investigate the effect of the ownership structure characteristics (ownership concentration, managerial ownership and government ownership) on firm performance (ROA) among non-financial Omani companies during 2012-2014. For achieving the objective of this study, 81 firms were taken as a sample to test the above relations. The sampling was obtained from annual report of the companies for three years with a total sampling equal to 243 firms. Multiple regression analysis was employed to test the relationship between independent variables and dependent variable. In addition, this study tried to fill the gap in the existing literature concerning the relationship between ownership structure and firm performance in the developing countries such as Oman. This study found a positive and significant association between ownership concentration and government ownership to firm performance (ROA). The study provides some suggestions for future researchers before the conclusion.

Keywords: Agency Theory, Resource Dependence Theory, Ownership Concentration, Managerial Ownership, Government Ownership

1. INTRODUCTION

Corporate governance is one of the most widely researched topics as a mechanism to minimize conflicts of interests between managers and investors. Its objective is to safeguard the capital owners from opportunistic activities (Abdurrouf, 2011; Jensen and Meckling, 1976; Pandya, 2011; Pfeffer, 1972; Shleifer and Vishny, 1986) and to make sure that management exert effort to achieve the shareholders' and stakeholders' interests. Consequently, corporate governance mechanisms and regulations have been provided significant attention on a global scale as they improve the overall economic capability to produce public benefits to stakeholders (individuals and organizations) (Hsu and Petchsakulwong, 2010). More importantly, both local and foreign investors will be considerably attracted to the companies where the corporate governance mechanisms are applied. The proper implementation of corporate governance code can prevent the financial disputes

and reduce the corruption and thus enhances the overall firm growth that collectively stimulates the country's overall economic growth and development (Al-Matari et al., 2012). There are many researchers, organizations and institutions, interests indicating that the role of corporate governance reduces the problem of conflict of interest as this study often mentions.

Effective corporate governance reduces the right of control and gives managers more leverage in a way that investment decisions managers improve the maximization of shareholder wealth. Corporate governance gives directors' rights to make the right decision which services a shareholders' target whereas at the same time this decision seeks to achieve shareholder and managers goals (Shleifer & Vishny, 1997). This, however, suggests that firms have adjusted better corporately improved operating performance (Irina & Nadezhda, 2009). Therefore, this study attempted to build a comprehensive model to investigate the factors that enhance the

effectiveness of the corporate governance mechanisms and firm performance in Oman.

One of the primary corporate governance mechanisms is ownership structure. It has been extensively examined by analysts as well as scholars throughout the years. The pioneering study within the firm theory in light of Modern Corporation was done by Berle and Means (1932) who debated over conflicts of interest between management and controllers. According to them, with the increasing ownership diffusion, the shareholder's power to control management is minimized. In a related study Demsetz and Lehn (1985) stated that the ownership structure concept indicates that ownership is often endogenously determined for the maximization of the performance of the company as this benefits all owners.

CG mechanisms are developed to minimize agency costs arising from the ownership and control separation (Fama & Jensen, 1983; Jensen & Meckling, 1976). Prior studies evidenced that governance mechanisms improve firm value to a certain level (Weir et al., 2002). Moreover, the ownership and management separation is what exists in today's public corporations (Sing & Sirmans, 2008).

From the resource dependence theory perspective, ownership is considered as a source of power that can be utilized to reinforce or go against management according to how concentrated it is and how it is used (Pfeffer & Slanick, 1979). As a result Fazlzadeh et al. (2011) stated that ownership structure has a key role in corporate governance and provides insights to policy makers who are expending efforts to improve the system of corporate governance. In the context of majority of developed countries, ownership structure is greatly dispersed. Contrarily, in the developing countries where weak legal systems exist for the protection of investors' interest, the structure of ownership is highly concentrated (Ehikioya, 2009). Although the essence of ownership structure is to improve performance, studies have largely ignored the testing of the role of ownership structure on firm performance. There are many studies that have confined their examination to only board characteristics, audit committee, CEO with firm performance (Abdurrouf, 2011; Dar et al., 2011; Yasser, Entebang & Al Mansor 2011)

Despite the ample attention it is getting, there are no empirically findings concerning the ownership structure-firm performance relationship. While some authors reported a positive relationship like Barontini and Caprio (2006) and Chen et al. (2006), others confirmed a negative relationship (e.g. Brown and Caylor, 2004). Still others failed to report any relationship between the two variables (e.g. Masood, 2011). These mixed findings prompted researchers to further examine the relationship between ownership structure and firm performance (e.g. Abdurrouf, 2011; Al-Matari et al., 2012; Kajola, 2008; Liang et al., 2011; Millet-Reyes and Zhao, 2010). Moreover, ownership structure is critical in aligning the relationship between owners and management. In this regard, the present study considers some characteristics of ownership structure including concentration ownership, managerial ownership, government ownership, institutional ownership, and foreign ownership.

On the basis of the above findings, the present study attempts to fill the gap found in literature by investigating the ownership structure characteristics-firm performance relationship in Oman. The next section provides an in-depth discussion of the study procedures employed.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Ownership Concentration and Firm Performance

Ownership concentration is a reaction to various levels of legal protection of minority shareholders throughout countries (Azam et al., 2011). It is described as the proportion of the firm shares owned by a certain number of the majority shareholders (Sanda et al., 2005). Its measurement is done through the fraction owned by the five majority shareholders or by the significant number of shareholders (Karaca & Ekşi, 2012; Obiyo & Lenee, 2011).

Berle and Means (1932) were the first to reveal a positive association between ownership concentration and performance and conceptually, Shleifer and Vishny (1997) stressed that ownership concentration and legal protection are considered the two key CG determinants. Minority shareholders can benefit from their majority counterparts as the latter has the power and incentive to stop expropriation or management asset stripping. In addition, concentrated ownership of companies may minimize the freedom of management to carry out strategic decisions and take risks in taking advantage of opportunities (Brickley et al., 1997; Bushee, 1998; Pound, 1988). In other words, a large total share of equity may lead to the improvement of the majority shareholders monitoring management (Clarke, 1995).

Regarding the agency theory perspective, Berle and Means (1932) claimed that under a corporate regime, firm ownership is dispersed among shareholders with the control rights pooled in management hands. The consequent separation of control and ownership may give rise to agency problems (Jensen & Meckling 1976). Moreover, dispersed shareholders provide no monitoring of agents or managers. They think it cost-efficient to monitor management as they have to pay all the monitoring costs but only receive a meagre part of the gains (Grossman & Hart 1980; Shleifer & Vishny 1986).

On the other hand, from the resource dependence theory perspective, company ownership invest limited resources and this does not assist in helping the company's partnership with external investors and thus reducing the supply of external resources from other parties like the government or financial institutions. The investment percentage between foreign investors and owners should at least be similar as this helps in achieving the company's goals and in establishing different forms of wealth, which assist firms in minimizing risk. This may help in providing established experiences linked to external environment as internal and external partnership generally helps the firm to enhance its performance (Pfeffer, 1972).

Theoretically, the effects of ownership concentration on firm performance are still ambiguous whether in the extensive review in the developed or developing countries. The next review explains the presence of mixed results with regard to agency theory and resource dependence theory. Although there is widely done empirical studies that examined the relationship between ownership concentration and firm performance, the results are still diversified. For example there many authors around the world dedicated to reveal the association between concentration ownership and firm performance and confirmed a positive relationship in developed countries (Siala et al., 2009; Wang & Oliver, 2009) and in developing ones (Azam et al., 2011; Karaca & Ekşi, 2012; Obiyo & Lenee, 2011).

On the other hand, many studies confirmed a negative relationship between ownership concentration and firm performance in the developed countries (Hu et al., 2010; Millet-Reyes & Zhao, 2010) and in the developing countries (Roszaini & Mohammad (2006).

There are some researchers who found is no relationship between ownership concentration and firm performance whether in the developed countries (Shan & McIver, 2011) or in the developing countries (Fazlzadeh et al., 2011; Najjar, 2012; Wahla et al., 2012). These mixed results call for more research to re-examine this relationship in the future research work. Therefore, this study attempted to contribute to literature by introducing the following hypotheses to be tested.

H1: *There is a positive relationship between the ownership concentration and firm performance.*

2.2 Managerial Ownership and Firm Performance

Managerial ownership is gauged through the proportion of firm shares owned by insiders and board members or insider ownership (Liang et al., 2011; Wahla et al., 2012).

This type of ownership has also been viewed as a potential effective mechanism of corporate governance. According to Jensen and Meckling (1976), it provides a potential incentive to align the management interests to that of shareholders. Contrarily, according to Khan et al. (2011) and Shleifer and Vishny (1986), high managerial ownership may lead to management entrenchment because they are less subjected to board of directors' governance and to market discipline for corporate control.

There are theoretical and empirical studies that have investigated the relationship between managerial ownership and firm performance and they have provided mixed evidences. These inconclusive findings are discussed in the following paragraphs.

On the basis of the agency theory perspective, Jensen and Meckling (1976) claimed that managerial ownership can assist in improving agency conflicts between owners and management because a manager owning a large portion of the company shares has ample incentives to maximize job performance to guarantee better performance of the company. On the contrary, management entrenchment has been known to arise in firms with high managerial ownership and thus worsening agency problems (Demsetz, 1983; Fama & Jensen,

1983). On the other hand, from the resource dependence theory perspective, a partnership with external resources is encouraged because they will provide the company with multiple sources and different experiences as it works to maximize shareholder rights and all parties associated with the company. It is also focused on the involvement of all confiscated and merges them together in order to make the most of the experience and confiscation, which in turn helps to achieve the goals of the beneficiaries of the company. Therefore, large ownership by the managers and members of the board do not help improve performance of companies (Pfeffer, 1972).

Based on the previous argument, the result is still mixed regarding to the relationship between the managerial ownership and firm performance. Some studies in the developed countries have confirmed that a positive association between the two variables exist (e.g. Juras & Hinson, 2008; Leung & Horwitz, 2010). In the other direction but in the same line of results, there are many researchers in developing countries who found a similar finding; for example, Chung et al. (2008), Ehikioya (2009), Hasnah (2009), Sing and Sirmans (2008), and Uwuiigbe and Olusanmi (2012).

Some other researchers confirmed a negative association between managerial ownership and firm performance in the developed countries such as Irina and Nadezhda (2009) and Juras and Hinson (2008). Similarly, the developing countries (e.g Liang et al., 2011; Mandacı & Gumus, 2010; Tsegba & Ezi-Herbert, 2011; Wahla et al., 2012) obtained similar results regarding this relationship. Other researchers however, found no relationship between two variables either in the developed countries (Juras & Hinson, 2008; Siala et al., 2009) or in the developing countries (NazliAnum, 2010; Nuryanah & Islam, 2011; Mohd, 2011). To empirically re-examine this relationship, this study proposes the following hypotheses.

H2: *There is a positive relationship between the managerial ownership and firm performance.*

2.3 Government Ownership and Firm Performance

Government ownership is measured by the ratio of the government owned shares in the firm (NazliAnum, 2010; NurulAfzan & Rashidah, 2011).

According to agency theory, government ownership holds the solution to the issue of information asymmetry resulting from the imperfect information provided to investors concerning the firm value. Additionally, the state owned shares can be used to align the owners and management's interests (Jensen & Meckling, 1979). The government generally gathers information from other sources and they are more privy to various channels of financing compared to their non-state counterparts (Eng & Mak, 2003).

Similarly, from the resource dependence theory perspective, the outsourcing helps to provide established sources of funding a variety of different and varied experience qualifications with working to reduce the cost of capital. It is also working on the efficient control of several aspects in order to help create a favourable effective working environment. This, in turn, works to improve the performance of the company (Pfeffer, 1972). And hence, the current

study expects that the government is one of the most important effective and efficient outsourcing in improving the functioning of the company. In the same context, Rhoades et al. (2001) revealed that the selection of suitable governance mechanisms among management and owners ensures the interest alignment of principal and agent.

The findings in literature regarding this relationship lack conclusiveness. Some researchers found the relationship between government and firm performance to be positive in the developed countries (Irina and Nadezhda, 2009) and the developing countries (Aljifri & Moustafa, 2007; Mollah & Talukdar, 2007; NazliAnum, 2010; NurulAfzan & Rashidah, 2011). On the other hand, some other evidence confirmed negative association between government ownership and firm performance such as Al Farooque et al. (2007) and

Al-Hussain & Johnson (2009). The present study attempts to contribute to literature regarding this relationship by proposing the following hypotheses.

H3: *There is a positive relationship between the government ownership and firm performance.*

3. RESEARCH METHODOLOGY

Our sampling was comprised of 81 non-financial sectors (industry and service sectors) per year so that all sampling was 243 companies for three years (2012 to 2014). This data was collecting form annual reports that listed companies in the Muscat stock exchange. Move over, the measurement and model will provide as follow:

$$ROA = \alpha_0 + \beta_1 * OWCONCE + \beta_2 * MANAGOW + \beta_3 * GOVEROW + \beta_4 * LEVERAG + \varepsilon$$

Table 1. Summary of Variables Measurement

No	VARIABLES	ACRONYM	OPERATIONALISATION
Dependent Variables (DV)			
1	Return on Assets (%)	ROA	Earnings before tax divided by total assets of the company.
Independent Variables (IV)			
2	Ownership Concentration (%)	OWCONCE	The fraction owned by the five largest shareholders.
3	Managerial Ownership (%)	MANAGOW	The proportion of shared owned in the firm by insiders and board members.
4	Government Ownership (%)	GOVEROW	The ratio of shares owned by the government in the firm.
Control Variables (CV)			
5	Leverage (%)	LEVERAG	The ratio of total liabilities to total assets.

4. DATA ANALYSIS AND RESULTS

4.1 Descriptive Statistic

The descriptive statistics of the continuous variables including the mean, standard deviation, and minimum, maximum, skewness and kurtosis.

Table 2. Descriptive Statistics of Continuous Variables

Variable	Unit	Minimum	Maximum	Mean	Std. Deviation
		Statistic	Statistic	Statistic	Statistic
Ownership Concentration (OWCONCE)	Ratio	0.00	0.98	0.45	0.33
Managerial Ownership (MANAGOW)	Ratio	0.00	0.73	0.05	0.13
Government Ownership (GOVEROW)	Ratio	0.00	0.89	0.09	0.18
LEVERAGE (LEVERAG)	Ratio	0.02	1.72	0.48	0.28
Return On Assets (ROA)	Ratio	-0.34	0.32	0.06	0.10

4.2. Correlation Analysis

This study ran the correlation analysis via the multiple regression analysis. According to Pallant (2011), correlation analysis is used to describe the linear relationship between two variables in terms of

strength and direction. Moreover, According to the results, the correlations did not exceed 0.90 indicating that Gujarati and Porter's (2009) recommendation was met. They contended that to ensure the absence of multicollinearity, the correlation matrix should stay below 0.90.

Table 3. Results of Pearson Correlation Analysis

Variable	1	2	3	4	5
Ownership Concentration (OWCONCE)					
Managerial Ownership (MANAGOW)	0.145***				
Government Ownership (GOVEROW)	0.017	-0.040			
LEVERAGE (LEVERAG)	0.033	0.059	-0.293***		
Return On Assets (ROA)	0.076	-0.064	0.275***	-0.449***	

***:p<0.001; **:p<0.01; *:P<0.05

4.3 Testing the Normality of the Error Terms

Two analyses namely skewness and kurtosis were carried out to test the normality of data distribution. The former analysis displayed normality of data with output values between ± 3 while the kurtosis analysis also displayed normality with the output

values of between ± 10 (Kline, 1998). Table 4 shows that the value of skewness is located between the ranges of ± 3 . Moreover, the values of kurtosis lie between ± 10 . Consequently, the data of the study as it shows normal outcome through kurtosis analysis regardless of the skewness analysis.

Table 4. Results of Skewness and Kurtosis for Normality Test

Variable	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Ownership Concentration (OWCONCE)	-0.31	0.16	-1.40	0.31
Managerial Ownership (MANAGOW)	2.77	0.16	8.30	0.31
Government Ownership (GOVEROW)	2.64	0.16	6.73	0.31
LEVERAGE (LEVERAG)	0.74	0.16	1.09	0.31
Return On Assets (ROA)	-1.01	0.16	3.23	0.31

5. REGRESSION RESULTS BASED ON ACCOUNTING MEASURE

5.1 Regression Results of Model

Based on the result obtained concerning the adjusted coefficient of determination (R^2), 0.233% of the variation of the dependent variable is explained by that of the independent variable. Stated differently, the firm performance variation, with ROA as a proxy, was explained and accounted for by the regression equation. The results listed in Table 4 shows the model's significance with F value equals

to ($F=18.113$, $p<0.01$), which shows the validity of the model. Additionally, the Durbin-Watson (DW) test is employed as a statistical test to detect autocorrelation and in this regard, the rule of thumb follows that the acceptable range of autocorrelation is 1.5-2.5. In the present study, the Durbin-Watson value was found to be 1.810 - a value that falls in the acceptable range, indicating independence of observations. Moreover, the Tolerance value and VIF was run to test the collinearity, after which no issue was reported. With regards to the results of the hierarchical multiple regression analysis, they are explained and presented in Table 5.

Table 5. Regression Results of Model (Dependent = ROA)

Variables	Standardized Coefficients Beta	t-value	Sig.	Collinearity Statistics	
				Tolerance	VIF
Ownership Concentration (OWCONCE)	0.094	1.638	0.103*	0.977	1.023
Managerial Ownership (MANAGOW)	-0.048	-0.832	0.407	0.975	1.025
Government Ownership (GOVEROW)	0.153	2.568	0.011***	0.913	1.096
LEVERAGE (LEVERAG)	-0.404	-6.795	0.000***	0.911	1.098
R^2			0.233		
Adjusted R^2			0.220		
F-value			18.113		
F-Significant			0.000		
Durbin Watson statistics			1.810		

***: $p<0.001$; **: $p<0.01$; *: $p<0.05$

6. DISCUSSION OF RESULTS

In this section, we discuss the results related to the relationship between ownership structures characteristics (ownership concentration, managerial ownership and government ownership) and ROA. This study found a positive and significant association between Ownership Concentration and ROA. This result is similar with previous studies that found positive and significant relationship between ownership concentration and firm performance whether in the developed countries (Siala et al., 2009; Wang & Oliver, 2009) or in the developing countries (Azam et al., 2011; Karaca & Ekşi, 2012; Obiyo & Lenee, 2011). In addition, we found no relationship between managerial ownership and ROA. This finding is similar with prior studies that found no relationship between the two variables either in the developed countries (Juras & Hinson,

2008; Siala et al., 2009) or in the developing countries (NazliAnum, 2010; Nuryanah & Islam, 2011; Mohd, 2011). Moreover, this study revealed significantly positive association between Government Ownership and ROA. This outcome is similar with previous studies that got a positive and significant association between Government Ownership and ROA in both the developed countries (Irina and Nadezhda, 2009) and the developing countries (Aljifri & Moustafa, 2007; Mollah & Talukdar, 2007; NazliAnum, 2010; NurulAfzan & Rashidah, 2011).

7. CONCLUSION

This study aimed to achieve many objectives. Firstly, it targeted to examine the direct relationship between ownership structure characteristics and firm performance. Secondly and most importantly,

this study attempted to examine the relationship between corporate governance and firm performance among non-financial in Omani listed companies. The sample was comprised of 243 firms in three years (2012 to 2014). This study used multiple regression analysis to test the relationship between independent variables and dependent variable. The results found a positive and significant relationship between ownership concentration and government ownership to ROA. On the other hand, this study revealed a negative correlation between managerial ownership and ROA but not significant.

This study, like any study has limitations and suggestions for future research. This study concentrated on ownership structure such as ownership concentration, government ownership and managerial ownership with firm performance and hence, it is suggested for future research to add other ownership structure like foreign ownership and institutional ownership that maybe help in improving firm performance. Moreover, this study focused on ownership structure such as ownership concentration, government ownership and managerial ownership with firm performance and therefore, it is advised for future research to add some internal corporate governance mechanisms such as, board of directors, audit committee, risk committee, executive committee, corporate governance committee, remuneration committee, nomination committee and others and their role in improving firm performance. Besides, this study considered three-year duration (2012-2014), and therefore future research should extend this period and cover all sectors in order to improve firm performance. Finally, this study only used one accounting measurement of firm performance and therefore, it is suggested that future research should take other measurements into account such as, ROE, ROI, Tobin's-Q among others.

REFERENCES

1. Abdurrouf, M. A. (2011). The relationship between corporate governance and value of the firm in developing countries: Evidence from Bangladesh. *The International Journal of Applied Economics and Finance*, 5(3), 237-244.
2. Al Farooque, O. A., Ziji, T. V., Dunstan, K., & Karim, A. K. M. W. (2007). Corporate Governance in Bangladesh: Link between Ownership and Financial Performance. *Corporate Governance*, 15(6), 1453-1469.
3. Al-Hussain, A. H., & Johnson, R. L. (2009). Relationship between corporate governance efficiency and Saudi Banks' performance. *The Business Review, Cambridge*, 14(1), 111-117.
4. Aljifri, K., & Moustafa, M. (2000). The impact of corporate governance mechanisms on the performance of UAE firms: an empirical analysis. *Journal of Economic and Administrative Sciences*, 23(2), 71-93.
5. Al-Matari, E. M., Al-Swidi, A. K., Faudziah, H. B., & Al-Matari, Y. A. (2012). The Impact of board characteristics on Firm Performance: Evidence from Nonfinancial Listed Companies in Kuwaiti Stock Exchange. *International Journal of Accounting and Financial Reporting*, 2(2), 310-332.
6. Al-Matari, Y. A., Al-Swidi, A. K., & Faudziah Hanim Bt Fadzil. (2012). Audit committee effectiveness and performance of Saudi Arabia listed companies, *Wulfenia Journal*, 19(8), 169-188.
7. Al-Matari, Y. A., Al-Swidi, A. K., Faudziah Hanim Bt Fadzil., & Al-Matari, E. M. (2012). Board of directors, audit committee characteristics and performance of Saudi Arabia listed companies. *International Review of Management and Marketing*, 2(4), 241-251.
8. Azam, M., Usmani, S., & Abassi, Z. (2011). The Impact of Corporate Governance on Firm's Performance: Evidence from Oil and Gas Sector of Pakistan. *Australian journal of basic and applied science*, 5(12), 2978-2983.
9. Barontini, R., & Caprio, L. (2006). The effect of family control on firm value and performance: evidence from continental Europe. *European Financial Management*, 12(5), 689-723.
10. Berle, A., & Means, G. (1932). *The Modern Corporation and Private Property*. New York, NY: Macmillan.
11. Brickley, J.A., Coles, J.L., & Jarrell, G. (1997). Leadership structure: Separating the CEO and chairman of the board. *Journal of Corporate Finance*, 3(3), 189-220. [http://dx.doi.org/10.1016/S0929-1199\(96\)00013-2](http://dx.doi.org/10.1016/S0929-1199(96)00013-2)
12. Brown, L. D., & Caylor, M. L. (2004). Corporate governance and firm valuation. *Journal of Accounting and Public Policy*, 25(2), 409-434. doi:10.1016/j.jaccpubpol.2006.05.005
13. Bushee, B. J. (1998). The influence of institutional investors on myopic R&D investment behaviour. *The accounting review*, 73 (3), 305-333.
14. Chen, J., Chen, D., & Chung, H. (2006). Corporate control, corporate governance and firm performance in New Zealand. *International Journal of Disclosure and Governance*, 3(4), 263-276.
15. Chung, D. S., Kim, B. G., Kim, D. W., & Choi, S. (2008). Corporate governance and firm performance: the Korea evidence. *Journal of International Business and Economic*, 8(2), 46-54.
16. Clarke, T. (1998). The stakeholder corporation: a business philosophy for the information age. *Long range planning*, 31 (2), 182-194.
17. Dar, L. A., Naseem, M. A., Rehman, R. U., & Niazi, G. S. (2011). Corporate Governance and Firm Performance a Case Study of Pakistan Oil and Gas Companies Listed in Karachi Stock Exchange. *Global Journal of Management and Business Research*, 11(8), 1-10.
18. Demsetz H. (1983). The structure of ownership and the theory of the firm. *Journal of Law and Economics*, 26, 375-390.
19. Demsetz H., Lehn K. (1985). The structure of corporate ownership: Causes and consequences, *Journal of Political Economy*, 93(6), 1155-1177.
20. Ehikioya, B. I. (2009). Corporate governance structure and firm performance in developing economies: evidence from Nigeria. *Corporate Governance*, 9(3), 231-243. doi:10.1108/14720700910964307
21. Eng, L., & Mak, Y. (2003). Corporate governance and voluntary disclosure. *Journal of Accounting and Public Policy*, 22, 325-345.
22. Fama, E., & Jensen, M. (1983). Agency problems and residual claims. *The Journal of Law and Economics*, 26(2), 327-349.
23. Fama, E.F., & Jensen, M.C. (1983). Separation of ownership and control. *Journal of Law and Economics*, 26, 301-325. <http://dx.doi.org/10.1086/467037>
24. Fazlzadeh, A., Hendi, A. T., & Mahboubi, K. (2011). The examination of the effect of ownership structure on firm performance in listed firms of Tehran stock exchange based on the type of the

- industry. *Interactional Journal of Business and Management*, 6(3), 249-267.
25. Grossman, S.J. & Hart, O.D. (1980). Takeover bids, the freerider problem, and the theory of the corporation. *Bell Journal of Economics*, 11, 42-64.
 26. Gujarati, D., & Porter, D. (2009) *Basic Econometrics*, 5th edition, New York: McGraw-Hill.
 27. Hasnah, K. (2009). The impact of corporate governance and board performance on the performance of public listed companies in Malaysia. Ph.D Dissertation, University Sains Malaysia.
 28. Hsu, W., & Petchsakulwong, P. (2010). The impact of corporate governance on the efficiency performance of the thai non-life insurance industry. *The Geneva Papers on Risk and Insurance Issues and Practice*, 35(1), S28-S49. doi:10.1057/gpp.2010.30
 29. Hu, H. W., Tam, O. K., & Tan, M. G. (2010). Internal governance mechanisms and firm performance in China. *Asia Pacific Journal of Management*, 27, 727-749. doi:10.1007/s10490-009-9135-6
 30. Irina, I., & Nadezhda, Z. (2009). The relationship between corporate governance and company performance in concentrated ownership systems: The case of Germany. *Journal of Corporate Finance*, 4(12), 34-56.
 31. Jensen, M. & Meckling, W.H. (1976). Theory of the firm: managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3, 305-360. [http://dx.doi.org/10.1016/0304-405X\(76\)90026-X](http://dx.doi.org/10.1016/0304-405X(76)90026-X)
 32. Juras, P. E., & Hinson, Y. L. (2008). Examining the effect of board characteristics on agency costs and selected performance measures in banks. *Academy of Banking Studies Journal*, 7(2), 87-108.
 33. Kajola, S. O. (2008). Corporate governance and firm performance: the case of Nigerian listed firms. *European Journal of Economics, Finance and Administrative Sciences*, 14(14), 16-28.
 34. Karaca, S. S., & Ekşi, İ. H. (2012). The relationship between ownership structure and firm performance: An empirical analysis over Istanbul Stock Exchange (ISE) listed companies. *International Business Research*, 5(1), 172-181.
 35. Kline, R. B. (1998). *Principles and Practice of Structural Equation Modeling*. New York: The Guilford Press.
 36. Leung, S., & Horwitz, B. (2010). Corporate governance and firm value during a financial crisis. *Review of Quantitative Finance and Accounting*, (34), 459-481. doi:10.1007/s11156-009-0141-z
 37. Liang, C.-J., Lin, Y.-L., & Huang, T.-T. (2011). Does endogenously determined ownership matter on performance? Dynamic evidence from the emerging Taiwan market. *Emerging Markets Finance and Trade*, 47(6), 120-133. doi:10.2753/REE1540-496X470607
 38. Mandacı, P. E., & Gumus, G. K. (2010). Ownership concentration, managerial ownership and firm performance: Evidence from Turkey. *SEE journal*, 57-66. doi:10.2478/v10033-010-0005-4
 39. Masood, F. C. (2011). Corporate governance and firm Performance. *International Conference on Sociality and Economic Development*, 10, 484-489.
 40. Millet-Reyes, B., & Zhao, R. (2010). A comparison between one-tier and two-tier board structures in France. *Journal of International Financial Management and Accounting*, 21(3), 279-310.
 41. Mohd, A.M.N. (2011). The effect of implementation of Malaysia code of corporate governance (MCCG) 2007 on corporate governance attributes and financial performance. Ph.D DPA Dissertation, University Utara Malaysia.
 42. Mollah, A. S., & Talukdar, M. B. U. (2007). Ownership structure, corporate governance, and firm's performance in emerging markets: Evidence from Bangladesh. *The International Journal of Finance*, 19(1), 4315-4333.
 43. Najjar, N. (2012). The impact of corporate governance on the insurance firm's performance in Bahrain. *International Journal of Learning and Development*, 2(2), 1-17.
 44. NazliAnum, M. G. (2010). Ownership structure, corporate governance and corporate performance in Malaysia. *International Journal of Commerce and Management*, 20(2), 109-119.
 45. NurulAfzan, N., & Rashidah, A. (2011). Government ownership and performance of Malaysian government-linked companies. *International Research Journal of Finance and Economics*, (61), 42-56.
 46. Nuryanah, S., & Islam, S. M. N. (2011). Corporate governance and performance: Evidence from an emerging market. *Malaysian Accounting Review*, 10(1), 17-42
 47. Obiyo, O. C., & Lenee, L. T. (2011). Corporate governance and firm performance in Nigeria. *IJEMR*, 1(4), 1-12.
 48. Pallant, J.F. (2011). *SPSS survival manual: a step by step guide to data analysis using SPSS (4th ed.)*. Crows Nest, NSW: Allen & Unwin.
 49. Pandya, H. (2011). Corporate governance structures and financial performance of selected Indian Banks. *Journal of Management and Public Policy*, 2(2), 4-22.
 50. Pfeffer, J. (1972). Size, composition, and function of hospital boards of directors. *Administrative Science Quarterly*, 18(2), 349-364.
 51. Pfeffer, J., & Slanick, G.R. (1979). The external control of organizations: a resource dependence perspective. *Contemporary Sociology*, 8 (4), 612-13.
 52. Pound, J. (1988). Proxy contests and the efficiency of shareholder oversight. *Journal of financial economics*, 20, 237-265.
 53. Roszaini, H., & Mohammad, H. (2006). Corporate governance structure and performance of Malaysian listed companies. *Journal of Business Finance & Accounting*, 33(7) & (8), 1034-1062.
 54. Sanda, A., Mikailu, A. S., & Garba, T. (2005). Corporate governance mechanisms and firm financial performance in Nigeria. xxx, xxx(xxx), 1-47.
 55. Shan, Y. G., & McIver, R. P. (2011). Corporate governance mechanisms and financial performance in China: panel data evidence on listed non-financial companies. *Asia Pacific Business Review*, 17(3), 301-324. doi:10.1080/13602380903522325
 56. Shleifer, A., & Vishny, R. W. (1986). Large shareholders and corporate control. *Journal of Political Economy*, 94(3), 461-488.
 57. Shleifer, A., & Vishny, R.W. (1997). A survey of corporate governance. *Journal of Finance*, 52(2), 737-783. <http://dx.doi.org/10.2307/2329497>
 58. Siala, F., Adjaoud, F., & Mamoghli, C. (2009). The combined effect of external auditor reputation and internal corporate governance on performance. *Journal of Academy of Business and Economics*, 9(2), 16-29.
 59. Sing, T. F., & Sirmans, C. F. (2008). Does real estate ownership matter in corporate governance? *Journal of property research*, 25(1), 23-43. doi:10.1080/09599910802397065

60. Tsegba, I. N., & Ezi-herbert, W. (2011). The relationship between ownership structure and firm performance: Evidence from Nigerian. *African Journal of Accounting, Economics, Finance and Banking Research*, 7(7), 51-63.
61. Uwuijibe, U., & Olusanmi, O. (2012). An empirical examination of the relationship between ownership structure and the performance of firms in Nigeria. *International Business Research*, 5(1), 208-216. doi:10.5539/ibr.v5n1p208
62. Wahla, K. U. R., Shah, S. Z. A., & Hussain, Z. (2012). Impact of ownership structure on firm performance evidence from non-financial listed companies at Karachi stock exchange. *International Research Journal of Finance and Economics*, (84), 6-13.
63. Wang, Y., & Oliver, J. (2009). Board composition and firm performance variance: Australian evidence. *Accounting Research Journal*, 22(2), 196-212. doi:10.1108/10309610910987510
64. Weir, C., Laing, D., & McKnight, P. (2002). Internal and external governance mechanisms: Their impact on the performance of large UK public companies. *Journal of Business Finance & Accounting*, 29(5&6), 579-611.
65. Yasser, Q. R., Entebang, H., & Mansor, S. A. (2011). Corporate governance and firm performance in Pakistan: The case of Karachi Stock Exchange (KSE). *Journal of Economic And International Finance*, 3(8), 482-491.