

The Role of Ownership Concentration and Dividend Policy on Firm Performance: Evidence from an Emerging Market of Pakistan

Sadia Murtaza^{1*}, Ahmad Noor-Ud-Din², Amel Aguir³, Saadia Batool⁴

¹ Department of Management Sciences, The Islamia University of Bahawalpur, Pakistan

² Department of Management Sciences, Lahore Business School, University of Lahore, Pakistan

³ Department of Accounting and Finance, ISG, University de Sousse, Sousse, Tunisia

⁴ Department of Business Administration, NCBAE, Lahore, Pakistan

* Corresponding author: abbasimwq@gmail.com

Article History

Received 2019-11-14

Revised 2020-01-18

Accepted 2020-02-09

Published 2020-02-17

Keywords

Firm's Performance,
Ownership Concentration,
Dividend Policy,
Chemical Sector,
Pakistan

How to cite?

Murtaza, S., Noor-Ud-Din, A., Aguir, A., & Batool, S. (2020). *The Role of Ownership Concentration and Dividend Policy on Firm Performance: Evidence from an Emerging Market of Pakistan*. *SEISENSE Journal of Management*, 3(2), 1-13. doi:10.33215/sjom.v3i2.255

Copyright © 2020 The Author(s)



Aim - The study determines the role of ownership concentration and dividend policy on the firm performance of chemical sector firms of Pakistan.

Design/Methodology- This research used the secondary data that has been collected from the annual reports of the firms for the period of 2012 to 2017. This study used the Generalized Least Squares Model.

Findings- The research shows that ownership concentration is positively associated with firm performance. It is stated that a large number of shareholders can solve agency issues among managers and shareholders. Dividend policy is also a significant positive impact on firm performance. Leverage and tangibility likewise negatively affect firm performance.

Practical Implications- These results potentially can be relevant for policymakers and academic research as well as also helpful for managers and policymakers.

Introduction

In the last couple of years, several vital issues are being studied in the field of finance, such as corporate governance (Fu, 2019). Corporate ownership structure, as well as Board decisions, are the vital factors related to this topic. To examine and control the firm's performance, Aslam, Haron, and Tahir (2019) and firm value Cuiñat, Gine, and Guadalupe (2012), corporate governance is employed as a good factor.

The code of corporate governance is treated as a fundamental element, especially in developing countries. The code of corporate governance of Pakistan are determined by the Security and Exchange Commission of Pakistan (SECP) in March 2002 (Kazi, Arain, & Sahetiya, 2018). It is revealed that ownership structure is a crucial element and plays a vital role in firm performance (Shah, Xiao, & Quresh, 2019). In the study of (Jensen & Meckling, 1976), it was revealed that firm performance and ownership structure are linked with agency theory. According to this theory, it resolves the agency issues, or it lessens the irreconcilable circumstances among the managers and shareholders. Some studies said that corporate governance structure is divided into two parts internal and external corporate administration.

The study will not only investigate the aspects related to the shareholding, but we also examine the dividend policy and their impact on firms' performance. Managers and shareholders are interested in such decisions because dividend reduces the agency issues among managers and shareholders as well as it improves the firm valuation. In this regard, Sáez and Gutiérrez (2015) find out that the most vital variable related to the firm value and firm performance is dividend policy.

Economic conditions, social issues, institutional cultures, and behavioral traits are widely different in Asian economies with related to western economies, that's why western research is not applied in Asian economies (Sun, Zhao, & Yang, 2010; Van Essen, van Oosterhout, & Carney, 2012) because Asian countries work in an institutional context to enhance and boost the board structure and functions that are generally useful for the emerging markets.

Many studies are conducted in Asian economies related to dividend policy, possession structure, and fiscal enactment. Still, in the circumstances of Pakistan, it is unique because of two reasons. First, businesses in Pakistan are mostly owned by family groups; on the other hand, ownership is usually concentrated within a few shareholders as compared to Japan, etc. Although, the concentration of ownership is more in china when we compare it with Pakistani firms, the nature and sort of it completely different. As in China, state ownership is usually the dominant factor in large companies (Bryson, Forth, & Zhou, 2014).

Furthermore, studies in china employed the concentrated factor as the number of stocks possessed by the top stockholders. Ownership concentration is presented by the proportions of shareholding held by ten prime shareholders. But in this study, it is depicted by shareholding held by the large five shareholders. If a firm has a high concentration of their possession, it leads to the efficient control of the management and enhances firm performance. Second, we can also observe the overall business environment is fragile while there are governance issues as well. Besides, we remark that the indexes linked to the effectiveness of government and regulation quality are harmful as per World Bank in the last decade.

However, this research contributes in different ways. Firstly, similar researches have been carried out in developed markets but still unidentified in developing markets such as Pakistan. Second, the results of this study will assist the management in making decisions concerning overall direction & financial policies with the aim of maximization the firm performance. Third, this study considers persistence and adjustment by using panel data analysis. However, the research is conducted to fill the gap in examining the relationship between ownership concentration, dividend policy, and organizational performance in the emerging market of Pakistan.



Literature Review

Ownership Concentration and Firm Performance

Corporate administration is a significant component in the field of finance. Ownership concentration can be defined as the most significant number of block holder (Murtaza & Azam, 2019). It is considered an essential indicator of corporate governance mechanisms to reduce agency issues. It is concerned with agency theory that resolves the conflicts of interest among managers and shareholders (Shleifer & Vishny, 1986) and can control and monitor the team (Balsmeier & Czarnitzki, 2017; Nguyen, Locke, & Reddy, 2015) as well as can improve firm performance and valuation. A study by (Filatotchev, Jackson, & Nakajima, 2013) extended the use of corporate governance mechanisms across multiple regions in an institutional way. The effect of ownership concentration and firm performance is found mixed. (Ciftci, Tatoglu, Wood, Demirbag, & Zaim, 2019) measures the linkage of corporate governance and firm performance of Turkey. This study stated that ownership concentration is held by families and manages better performance. In the same vein, a study by Saini and Singhanian (2018) measures such association of Indian firms and depicted a positive relationship between ownership concentration and firm performance. These expectations can be useful for monitoring or controlling the team. Empirical findings of (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008) stated a negative influence between ownership concentration and performance and (Thomsen & Pedersen, 2000; Tuschke & Gerard Sanders, 2003) stated a curvilinear association. So, it is expected that:

H1: There is a significant relationship between ownership concentration and firm financial performance.

Dividend Policy and Firm Performance

There is a wide range of researches on dividend policies and firm performance. Previous studies have examined that dividend policy is positively associated with firm performance. For instance, a study by Dogan and Topal (2014) examined the empirical link between dividend policy and firms' financial performance in the Istanbul Stock Exchange. The results showed that dividend policy influenced companies' performance and found a statistically positive association between dividend payments and performance indicators (Tobin's q). Similarly, another research by Kajola et al. (2015) documented that the dividend payout ratio is a positive effect on firm financial performance. Many studies are supported by the positive relationship between dividend policy and firm performance (Farrukh, Irshad, Shams Khakwani, Ishaque, & Ansari, 2017; M'rabet & Boujjat, 2016).

H2: There is a significant relationship between dividend policy and firm financial performance.

Leverage and Firm Performance

Leverage is an essential element to measure firm performance. It controls the financing strategies of the firm. Leverage or financing associated to which companies make use of their money and borrowings to increase firm profitability. It is the proportion of debt to equity. The leverage decision is a concern to managerial decisions because it has a significant impact on shareholder's risk and returns as well as also to the firm valuation (Omondi & Muturi, 2013). According to (Alkhatib, 2012), leverage is a source of financing to continue business activities.

Many researchers from all over the world have studied, particularly on the capital structure, to measure the impact of debt policy and firm performance. Some studies found a positive impact on capital structure and firm performance, and some studies found adverse effects. Firstly, financial leverage can negatively affect firm performance because leverage can be treated as a tool for disciplining management. For instance, the findings of (Ahmed Sheikh & Wang, 2013; Jeleel & Olayiwola, 2017; Mireku, Mensah, & Ogoe, 2014; Olokoyo, 2013) stated a negative impact on leverage and firm performance. In contrast, a study by Ali (2014) revealed a linear association with leverage and performance. While, some researches stated that leverage is the positive impact of firm performance (Simerly & Li, 2000; Weill, 2008) According to the agency theory, the fundamental idea

behind positive or negative cost theory depends on the relationship among shareholders and managers and debt-holders and shareholders (Jensen & Meckling, 1976).

H3: There is a significant relationship between leverage and firm performance.

Liquidity and Firm Performance

To pay the company obligations, liquidity management is considered as an essential element for every business. Different liquidity ratios, such as the current ratio, quick ratio, and acid-test ratio can be used for liquidity management that has a high impact on a firm's profitability. A study by Kaur and Silky (2013) examined the impact of liquidity and firm profitability. After the analysis, this study depicted that there is a negative relationship between liquidity and profitability. Another research by Malik and Ahmed (2013) also demonstrated that liquidity improved the firm performance and valuation. Some studies (Alagathurai, 2013; Ben-Caleb, Olubukunola, & Uwuigbe, 2013) have documented that there is a significant positive impact of quick ratio's liquidity and return on assets. Also, Zygmunt (2013) measured the liquidity impact on firm profitability. The final results of this study showed that liquidity has a significant effect on the profitability of IT companies. It was also concluded that it enhance the growth of the inventory sale period, collection period & account payables period. Moreover, Ismail (2016) also constructed a significant positive relationship of liquidity on firm profitability.

H4: There is a significant relationship between liquidity and firm financial performance.

Board size and Firm Performance

In general, the board of directors' size is a governance mechanism that indicates the total number of directors in a firm board. This may consist of both executives as well as on the non-executive board of directors. Hence, the size of the board of directors may vary for each board. Based on Mohan and Chandramohan (2018), the majority of the research is oriented towards board size, which treated as an essential dimension of corporate governance mechanism and firm performance. Previous studies revealed the large number of board of directors can enhance the firm performance and companies' growth. According to Agyemang Badu and Appiah (2017), agency perspective can control and monitor the board of directors very effectively.

H5: There is a significant relationship between board size and firm financial performance.

Firm size and Firm Performance

Research by Hirdinis (2019) clarified that firm size is an essential element to determine firm valuation and performance. It is used to examine the size and working capacity of the business. Generally, firm size is measured by taking natural logarithm of total assets of the business. Previous studies have stated mixed findings of firm size and firm performance. A Nigerian study by Aduralere Opeyemi (2019), showed a positive relationship of company size and company's performance. However, other researches revealed a negative or weak negative association. For instance, Močnik and Širec (2015) and Banchuenvijit and Pariyanont (2012) find a negative relationship with firm size and performance.

H6: There is a significant relationship between firm size and firm financial performance.

Tangibility and Firm Performance

Tangibility is considered a significant element of a company's performance. It represented by the number of assets or collaterals that used for obtaining the amount of loan. Literature suggests a positive effect of tangibility and firm performance. For instance, MacKie-Mason (1990) argued that high tangible assets bring the debt choice more efficiently for the company. A study by Akintoye (2008) also concludes that firms with high tangible assets can acquire smaller costs of financial distress as compared to those firms which having less

tangible assets. Finally, Kothari, Laguerre, and Leone (2002) concluded that when R&D expense increases, the future earning of the company will increase and expected a positive relationship with tangibility and firm performance.

H7: There is a significant relationship between tangibility and firm financial performance.

Data and Methodology

The main purpose of this study is to examine the role of ownership concentration and dividend policy on firms' financial performance. So, the data has been retrieved from the annual reports of the chemical sector firms for the time period of 2012 to 2017. In KSE, there are 42 firms listed in the chemical sector, but this study has adopted 26 firms due to the inconvenience and lack of available data.

Variables

Following are the dependent, independent, and control variables used by this study:

Table 1: Descriptions of Variables

Variables	Label	Description
Return on assets	ROA	Earnings after tax divided by the number of total assets
Ownership Concentration	OWNR	Percentage of equity holds by the top 5 substantial shareholders.
Dividend Policy	DP	Dividend paid divided by net income.
Leverage	LEV	Total debt divided by total assets of the firms
Liquidity	LIQ	Current liabilities divided by total liabilities of the business
Board size	BSZ	log of the number of board of directors
Firm size	FSZ	Natural logarithm of total assets of the business
Tangibility	TAN	Fixed assets divided by total assets.

Dependent Variable

In this research, firm performance is used as a dependent variable and measured by return on assets (ROA) (Briones & Chang, 2017). ROA is calculated as EBIT/ total assets (Murtaza & Azam, 2019; Riaz, 2015); which shows that how much a firm earned by the investment of the assets and how the managers use the investor's fund (Vätavu, 2015) or in other words it generates the idea about how effectively management make decisions to generate significant earnings (Nawaz & Haniffa, 2017).

Independent Variable

The current study analyzed ownership concentration (OWNR), and dividend policy is the independent variable. OWNR is calculated as a percentage of equity retained by the top 5 substantial shareholders of the firm (Murtaza & Azam, 2019; Paramanatham, Ting, & Kweh, 2018; Xinyuan, Nan, & Yufei, 2017). While dividend policy (DP) is calculated as cash dividend divided by net income (Maladjian & Khoury, 2014).

Control Variable

The following control variables are used in the current study. Liquidity (LIQ) is calculated by current liabilities/ total liabilities (Ahmed Sheikh & Wang, 2011; Goh, Tai, Rasli, Tan, & Zakuan, 2018). Tangibility (TAN) is examined through the number of fixed assets divided by the total assets of the business (Goh et al., 2018; Sheikh & Qureshi, 2017). Board size (BSZ), as measured by taking the log of a total number of board directors (Abor, 2007; Kajanathan, 2012; Khawaja, Bhatti, Ashraf, & Henry, 2018; Murtaza & Azam, 2019). Whereas leverage (LEV) is calculated as total debt over total assets (Ilmas, Tahir, & Asrar-ul-Haq, 2018), and firm size (FSZ) is examined by taking the natural logarithm of total assets of the firm (Abdullah, 2005; Murtaza & Azam, 2019).

Model Specification

Following the model, specification is used to measure the role of ownership concentration and dividend policy on firm performance.

$$ROA_{it} = \beta_0 + \beta_1 OWN_{rit} + \beta_2 DP_{it} + \beta_3 BSZ_{it} + \beta_4 FSZ_{it} + \beta_5 LEV_{it} + \beta_6 LIQ_{it} + \beta_7 TAN_{it} + \varepsilon_{it}$$

Where,

ROA = Return on Asset

OWNR = Ownership Concentration

DP = Dividend Policy

BSZ = Board Size

FSZ = Firm Size

LEV = Financial Leverage

LIQ = Liquidity

TAN = Tangibility

i= firms

t= time

β_0 = constant term

ε = error term

Results and Discussion

Summary of Statistics

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev	Min	Max
ROA	156	0.088	0.233	-2.295	0.465
OWNR	156	0.625	0.238	0.119	0.908
DP	156	0.233	0.698	-1.852	1.817
BSZ	156	2.085	0.233	1.386	2.565
FSZ	156	14.382	2.02	7.979	18.818
LEV	156	1.777	15.885	0.119	19.866
LIQ	156	2.026	4.486	0.007	45.31
TAN	156	0.535	0.233	0.018	1

The total number of observations is 156 in this research. The mean value of ROA is 0.08, with a minimum value of -2,295 and a maximum of 0.465. The average value of ownership is 62% having a minimum value of 0.119 and a maximum value of 0.908. DP shows the mean value of 23% having min and max of -1.852 and 1.817, respectively. The average value of BSZ is 2.08, FSZ is 14.38, LEV is 1.77, LIQ is 2.12, and TAN with 0.535.

Correlation

The correlation table explains the association between dependent and independent variables. Table 2 findings illustrate the association between the dependent and explanatory variables of the current study. All variables showed a positive relationship with firm performance except LEV and TAN that stated a negative relationship with firm performance. According to Gujarati (2009), a high correlation of independence will create a multicollinearity issue. Further, the multicollinearity is also measured by the variance inflation factor (VIF).

Table 4 explains the result of VIF, and all values are less than 10, which depicts no multicollinearity issue in this study (Wooldridge, 2015).

Table 2: Pairwise Correlations

Variables	ROA	OWNR	DP	BSZ	FSZ	LEV	LIQ	TAN
ROA	1.000							
OWNR	0.023	1.000						
DP	0.290	-0.072	1.000					
BSZ	0.231	-0.288	0.170	1.000				
FSZ	0.283	-0.092	0.076	0.275	1.000			
LEV	-0.832	0.086	-0.148	-0.050	-0.201	1.000		
LIQ	0.194	0.160	0.043	-0.051	0.019	-0.023	1.000	
TAN	-0.371	-0.157	-0.318	-0.019	0.283	0.169	-0.308	1.000

Table 3: Multicollinearity

Details of Variables	VIF	1/VIF
TAN	1.52	0.656319
FSZ	1.33	0.750078
BSZ	1.22	0.820692
DP	1.19	0.842522
OWNR	1.16	0.86311
LIQ	1.15	0.869189
LEV	1.13	0.885262
Mean VIF	1.24	

Panel Regression Analysis

Before estimating the regression analysis, we have tested some basic assumptions such as heteroskedasticity, serial correlation, VIF, and Hausman test, to reduce the spurious results from the data.

Table 4: Breusch-Pagan test for heteroskedasticity

chi2(1)	=	1.16
Prob > chi2	=	0.2820

The current study has used Wooldridge test to measure the autocorrelation problem in data. In this regard, the p-value is 0.2241 which is greater than 5%. It means that there is no serial correlation issue.

Table 5: Wooldridge test for autocorrelation

F(1, 25)	=	1.554
Prob > F	=	0.2241

Hausman test technique decides the use of random-effects or the fixed effects of regression (Griffiths, Hill, & Lim, 2008). This specific model is used to measure which model is to be fit among the fixed-effect method and the random effect method. The null hypothesis states the random effect estimation is better to use. So, the results of the Hausman test suggests the random effect model will be used.

Table 6: Hausman Test Technique

Research model	Prob>chi2	Test result
ROA	0.4262	Random effect method

The findings of the random effect “GLS model” are explained in the table: 8. Regression results reveal that OWN is a significant positive linkage with ROA at 1%. An increase in ownership concentration brings higher firm performance (Perrini, Rossi, & Rovetta, 2008; D. A. Singh & Gaur, 2009; Thomsen & Pedersen, 2000). Some findings revealed that ownership concentration has a negatively relationship with firm performance (Bektas & Kaymak, 2009; Khanchel El Mehdi, 2007; Veprauskaitė & Adams, 2013). While some researches described no association between OWN and firm performance (Sacristán-Navarro, Gómez-Ansón, & Cabeza-García, 2011; Tuschke & Gerard Sanders, 2003). DP also significant positive effect to ROA at 5%. This results is similar to some previous studies (Farrukh et al., 2017; Tahir, Sohail, Qayyam, & Mumtaz, 2016) that explained that firms might decrease agency costs by paying the dividend. This supports the dividend relevance theory (Gordon, 1963; Walter, 1963). BSZ is significant positively influenced by the firm performance at 1% (Dalton, Daily, Johnson, & Ellstrand, 1999; Lipton & Lorsch, 1992; S. Singh, Tabassum, Darwish, & Batsakis, 2018). Because the larger shareholders build many opportunities for firms as well as they also reduce the conflicts among multiple groups of interest, these results are against to the studies of (Chiang & Lin, 2007; Nguyen, Locke, & Reddy, 2014). FSZ also has a significant positive impact on firm performance. It means smaller firms can increase market performance, and larger firms enhance accounting performance. In other words, smaller firms resolve their issues quickly, while larger firms face many issues. LIQ is positive associated with ROA. Whereas LEV has a negatively influenced (Campbell & Mínguez-Vera, 2008), and TAN also have a negative impact on ROA at the level of 1%. The high degree of leverage also increases the risk of bankruptcy. R-square shows the degree of variation in firm performance due to all explanatory variables of study. So, here R-square value is 83%, and the wald chi2 value is 761.01 that shows the significance of the model.

Table 7- Generalized Least Squares Model

ROA	Coef.	Std. Err.	z	P>z
OWN	0.104987	0.034728	3.02	0.003***
DP	0.02485	0.011993	2.07	0.038**
BSZ	0.172085	0.036388	4.73	0.000***
FSZ	0.01681	0.004391	3.83	0.000****
LEV	-0.01105	0.000514	-21.5	0.000***
LIQ	0.005005	0.001837	2.73	0.006***
TAN	-0.21039	0.040643	-5.18	0.000***
_CONS	-0.46165	0.090855	-5.08	0.000***
Observations				156
R-squared				0.83
Number of groups				26
Wald chi2(7)				761.01
Prob > chi2				0.000

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Conclusion

The main objective of this research is to examine the role of ownership concentration and dividend policy on firm performance. This study used panel data of Chemical firms of Pakistan for the time span of 2012 to 2017. After employing panel data analysis, the findings revealed that OWN has a significant positive relationship with firm performance measured by ROA. It explained that a large number of shareholders have a right to minimize agency costs between managers and shareholders. They can monitor the team very efficiently. Dividend policy also positive associated with firm performance. An increase in dividend improves firm performance. Tangibility and leverage are negative impact with ROA. BSZ also has a significant positive relationship with ROA. This study is useful for both practitioners and academics as well as for regulatory bodies. Moreover, this research has some limitations. First, this study used small data. Second, the sample size is limited to the chemical sector of firms and excluded from the other sectors and financial firms. So, the results are not encountered all the public listed companies in Pakistan. So to overcome the limitations of this study, it is interesting to determine the association between ownership structure, dividend policy on firm performance by using different sectors and or especially in other (developing) countries.

Funding: This research received no external funding.

Conflicts of Interest: The authors declare no conflict of interest.

References

- Abdullah, A. K. (2005). Capital structure and debt maturity: evidence from listed companies in Saudi Arabia. *Journal of Business and Economics*.
- Abor, J. (2007). *Capital structure and financing of Smes: empirical evidence from Ghana and South Africa*. (Doctoral dissertation), Stellenbosch: Stellenbosch University,
- Aduralere Opeyemi, O. (2019). The Impact of Firm Size on Firms Performance in Nigeria: A Comparative Study of Selected Firms in the Building Industry in Nigeria. *Asian Development Policy Review*, 7(1), 1-11.
- Agyemang Badu, E., & Appiah, K. (2017). The Impact of Corporate Board Size on Firm Performance: Evidence from Ghana and Nigeria.
- Ahmed Sheikh, N., & Wang, Z. (2011). Determinants of capital structure: An empirical study of firms in manufacturing industry of Pakistan. *Managerial Finance*, 37(2), 117-133.
- Ahmed Sheikh, N., & Wang, Z. (2013). The impact of capital structure on performance: An empirical study of non-financial listed firms in Pakistan. *International Journal of Commerce and Management*, 23(4), 354-368.
- Akintoye, I. R. (2008). Effect of capital structure on firms' performance: the Nigerian experience. *European Journal of Economics, Finance and Administrative Sciences*, 10(1), 233-243.
- Alagathurai, A. (2013). A nexus between liquidity & profitability: a study of trading companies in Sri Lanka. *Ajanthan, A. (2013). A Nexus Between Liquidity & Profitability: A Study Of Trading Companies In Sri Lanka. European Journal of Business and Management*, 5(7), 221-237.
- Ali, M. (2014). Relationship between Financial Leverage and Financial Performance (Evidence of Listed Chemical Companies of Pakistan). *Research Journal of Finance and Accounting*, 5(23), 46-56.
- Alkhatib, K. (2012). The determinants of leverage of listed companies. *International journal of business and social science*, 3(24).
- Aslam, E., Haron, R., & Tahir, M. N. (2019). How director remuneration impacts firm performance: An empirical analysis of executive director remuneration in Pakistan. *Borsa Istanbul Review*.
- Balsmeier, B., & Czarnitzki, D. (2017). Ownership concentration, institutional development and firm performance in Central and Eastern Europe. *Managerial and Decision Economics*, 38(2), 178-192.



- Banchuenvijit, W., & Pariyanont, Y. (2012). Factors Affecting the Percentage Change in Stock Prices of Listed Companies on the Stock Exchange of Thailand in the Health Sector. *University of the Thai Chamber of Commerce Journal*, 32(1).
- Bektas, E., & Kaymak, T. (2009). Governance mechanisms and ownership in an emerging market: The case of Turkish banks. *Emerging Markets Finance and Trade*, 45(6), 20-32.
- Ben-Caleb, E., Olubukunola, U., & Uwuigbe, U. (2013). Liquidity management and profitability of manufacturing companies in Nigeria. *IOSR Journal of Business and Management*, 9(1), 13-21.
- Briones, O., & Chang, M. (2017). *Capital Structure Determinants Influence: A Comparative Study*. Paper presented at the Proceedings of International Academic Conferences.
- Bryson, A., Forth, J., & Zhou, M. (2014). Same or different? The CEO labour market in China's public listed companies. *The Economic Journal*, 124(574), F90-F108.
- Campbell, K., & Mínguez-Vera, A. (2008). Gender diversity in the boardroom and firm financial performance. *Journal of business ethics*, 83(3), 435-451.
- Chiang, M. H., & Lin, J. H. (2007). The Relationship between Corporate Governance and Firm Productivity: evidence from Taiwan's manufacturing firms. *Corporate Governance: An International Review*, 15(5), 768-779.
- Ciftci, I., Tatoglu, E., Wood, G., Demirbag, M., & Zaim, S. (2019). Corporate governance and firm performance in emerging markets: Evidence from Turkey. *International Business Review*, 28(1), 90-103.
- Cuñat, V., Gine, M., & Guadalupe, M. (2012). The vote is cast: The effect of corporate governance on shareholder value. *The journal of finance*, 67(5), 1943-1977.
- Dalton, D. R., Daily, C. M., Johnson, J. L., & Ellstrand, A. E. (1999). Number of directors and financial performance: A meta-analysis. *Academy of Management journal*, 42(6), 674-686.
- Dogan, M., & Topal, Y. (2014). The influence of dividend payments on company performance: The Case of Istanbul Stock Exchange (BIST). *European Journal of Business and Management*, 6(3), 189-197.
- Farrukh, K., Irshad, S., Shams Khakwani, M., Ishaque, S., & Ansari, N. Y. (2017). Impact of dividend policy on shareholders wealth and firm performance in Pakistan. *Cogent Business & Management*, 4(1), 1408208.
- Filatotchev, I., Jackson, G., & Nakajima, C. (2013). Corporate governance and national institutions: A review and emerging research agenda. *Asia Pacific Journal of Management*, 30(4), 965-986.
- Fu, Y. (2019). The value of corporate governance: Evidence from the Chinese anti-corruption campaign. *The North American Journal of Economics and Finance*, 47, 461-476.
- Goh, C. F., Tai, W. Y., Rasli, A., Tan, O. K., & Zakuan, N. (2018). The Determinants of Capital Structure: Evidence from Malaysian Companies. *International Journal of Supply Chain Management*, 7(3), 225-230.
- Gordon, M. J. (1963). Optimal investment and financing policy. *The journal of finance*, 18(2), 264-272.
- Griffiths, W. E., Hill, R. C., & Lim, G. C. (2008). Using EViews for principles of econometrics.
- Gujarati, D. N. (2009). *Basic econometrics*: Tata McGraw-Hill Education.
- Hirdinis, M. (2019). Capital structure and firm size on firm value moderated by profitability.
- Ilmas, F., Tahir, S., & Asrar-ul-Haq, M. (2018). Ownership structure and debt structure as determinants of discretionary accruals: An empirical study of Pakistan. *Cogent Economics & Finance*, 6(1), 1439254.
- Ismail, R. (2016). Impact of liquidity management on profitability of Pakistani firms: A case of KSE-100 Index. *International Journal of Innovation and Applied Studies*, 14(2), 304.
- Jeleel, A., & Olayiwola, B. (2017). Effect of leverage on firm performance in nigeria: A case of listed chemicals and paints firms in Nigeria. *Global Journal of Management And Business Research*.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, 3(4), 305-360.
- Kajananthan, R. (2012). Effect of corporate governance on capital structure: case of the Srilankan listed manufacturing companies. *Researchers World*, 3(4), 63.



- Kaur, S., & Silky, J. (2013). A study on liquidity and profitability of selected Indian cement companies: a regression modeling approach. *International Journal of Economics, Commerce and Management*, 1(1), 1-24.
- Kazi, A. G., Arain, M. A., & Sahetiya, P. D. (2018). Corporate Governance and Firm Performance Nexus: A Case of Cement Industry of Pakistan. *International Journal of Entrepreneurial Research*, 1(1), 1-6.
- Khanchel El Mehdi, I. (2007). Empirical evidence on corporate governance and corporate performance in Tunisia. *Corporate Governance: An International Review*, 15(6), 1429-1441.
- Khawaja, M., Bhatti, I., Ashraf, D., & Henry, D. (2018). The Role of Ownership and Governance Structure in Raising Capital: An International Study. *9th Conference on Financial Markets and Corporate Governance (FMCG) 2018*. doi:<http://dx.doi.org/10.2139/ssrn.3102108>
- Kothari, S., Laguerre, T. E., & Leone, A. J. (2002). Capitalization versus expensing: Evidence on the uncertainty of future earnings from capital expenditures versus R&D outlays. *Review of Accounting Studies*, 7(4), 355-382.
- Lipton, M., & Lorsch, J. W. (1992). A modest proposal for improved corporate governance. *The business lawyer*, 59-77.
- M'rabet, R., & Boujjat, W. (2016). The relationship between dividend payments and firm performance: A study of listed companies in Morocco. *European scientific journal*, 12(4).
- MacKie-Mason, J. K. (1990). Do taxes affect corporate financing decisions? *The journal of finance*, 45(5), 1471-1493.
- Maladjian, C., & Khoury, R. E. (2014). Determinants of the dividend policy: an empirical study on the Lebanese listed banks. *International Journal of Economics and Finance*, 6(4), 240-256.
- Malik, Q. A., & Ahmed, S. F. (2013). Idiosyncratic effect of liquidity management strategies on corporate performance valuation-A study of Chemical Industry. *World Applied Sciences Journal*, 28(1), 114-119.
- Mireku, K., Mensah, S., & Ogoe, E. (2014). The relationship between capital structure measures and financial performance: Evidence from Ghana. *International Journal of Business and Management*, 9(6), 151.
- Močnik, D., & Širec, K. (2015). Determinants of a fast-growing firm's profits: Empirical evidence for Slovenia. *Annals of the Alexandru Ioan Cuza University-Economics*, 62(1), 37-54.
- Mohan, A., & Chandramohan, S. (2018). Impact of corporate governance on firm performance: empirical evidence from India. *IMPACT: International Journal of Research in Humanities, Arts and Literature (IMPACT: IJRHAL) ISSN (P)*, 2347-4564.
- Murtaza, S., & Azam, I. (2019). The Relationship between Ownership Structure and Capital Structure. *SEISENSE Journal of Management*, 2(4), 51-64.
- Nawaz, T., & Haniffa, R. (2017). Determinants of financial performance of Islamic banks: An intellectual capital perspective. *Journal of Islamic Accounting and Business Research*, 8(2), 130-142.
- Nguyen, T., Locke, S., & Reddy, K. (2014). A dynamic estimation of governance structures and financial performance for Singaporean companies. *Economic Modelling*, 40, 1-11.
- Nguyen, T., Locke, S., & Reddy, K. (2015). Ownership concentration and corporate performance from a dynamic perspective: Does national governance quality matter? *International Review of Financial Analysis*, 41, 148-161.
- Olokoyo, F. O. (2013). Capital structure and corporate performance of Nigerian quoted firms: A panel data approach. *African Development Review*, 25(3), 358-369.
- Omondi, M. M., & Muturi, W. (2013). Factors affecting the financial performance of listed companies at the Nairobi Securities Exchange in Kenya. *Research Journal of Finance and Accounting*, 4(15), 99-104.
- Paramanatham, N. S., Ting, I. W. K., & Kweh, Q. L. (2018). Ownership Concentration and Debt Structure: Evidence from Top 100 PLCs in Malaysia. *Institutions and Economics*. Available at: <https://ijie.um.edu.my/article/view/11946>.
- Perrini, F., Rossi, G., & Rovetta, B. (2008). Does ownership structure affect performance? Evidence from the Italian market. *Corporate Governance: An International Review*, 16(4), 312-325.



- Riaz, S. (2015). Impact of Capital Structure on Firm's Financial Performance: An Analysis of Chemical Sector of Pakistan. *Journal of Poverty, Investment and Development*, 12(1).
- Sacristán-Navarro, M., Gómez-Ansón, S., & Cabeza-García, L. (2011). Large shareholders' combinations in family firms: Prevalence and performance effects. *Journal of Family Business Strategy*, 2(2), 101-112.
- Sáez, M., & Gutiérrez, M. (2015). Dividend policy with controlling shareholders. *Theoretical Inquiries in Law*, 16(1), 107-130.
- Saini, N., & Singhania, M. (2018). Corporate governance, globalization and firm performance in emerging economies: Evidence from India. *International Journal of Productivity and Performance Management*, 67(8), 1310-1333.
- Shah, M., Xiao, Z. P., & Quresh, S. (2019). Complex Pyramid Structure, Judicial Efficiency and Firm Performance A Comparative Analysis of Chinese and Pakistani Listed Companies. *Shakir, Complex Pyramid Structure, Judicial Efficiency and Firm Performance A Comparative Analysis of Chinese and Pakistani Listed Companies (January 20, 2019)*.
- Sheikh, N. A., & Qureshi, M. A. (2017). Determinants of capital structure of Islamic and conventional commercial banks: Evidence from Pakistan. *International Journal of Islamic and Middle Eastern Finance and Management*, 10(1), 24-41.
- Shleifer, A., & Vishny, R. W. (1986). Large shareholders and corporate control. *Journal of political economy*, 94(3, Part 1), 461-488.
- Simerly, R. L., & Li, M. (2000). Environmental dynamism, capital structure and performance: a theoretical integration and an empirical test. *Strategic Management Journal*, 31-49.
- Singh, D. A., & Gaur, A. S. (2009). Business group affiliation, firm governance, and firm performance: Evidence from China and India. *Corporate Governance: An International Review*, 17(4), 411-425.
- Singh, S., Tabassum, N., Darwish, T. K., & Batsakis, G. (2018). Corporate governance and Tobin's Q as a measure of organizational performance. *British Journal of Management*, 29(1), 171-190.
- Sun, S. L., Zhao, X., & Yang, H. (2010). Executive compensation in Asia: A critical review and outlook. *Asia Pacific Journal of Management*, 27(4), 775-802.
- Tahir, S. H., Sohail, S., Qayyam, I., & Mumtaz, K. (2016). Effect of corporate governance index on dividend policy: An investigation of textile industry of Pakistan. *Journal of Economic and Social Development*, 3(1), 139.
- Thomsen, S., & Pedersen, T. (2000). Ownership structure and economic performance in the largest European companies. *Strategic Management Journal*, 21(6), 689-705.
- Tuschke, A., & Gerard Sanders, W. (2003). Antecedents and consequences of corporate governance reform: The case of Germany. *Strategic Management Journal*, 24(7), 631-649.
- Van Essen, M., van Oosterhout, J. H., & Carney, M. (2012). Corporate boards and the performance of Asian firms: A meta-analysis. *Asia Pacific Journal of Management*, 29(4), 873-905.
- Vătavu, S. (2015). The impact of capital structure on financial performance in Romanian listed companies. *Procedia Economics and Finance*, 32, 1314-1322.
- Veprauskaitė, E., & Adams, M. (2013). Do powerful chief executives influence the financial performance of UK firms? *The British accounting review*, 45(3), 229-241.
- Walter, J. E. (1963). Dividend policy: its influence on the value of the enterprise. *The journal of finance*, 18(2), 280-291.
- Weill, L. (2008). Leverage and corporate performance: does institutional environment matter? *Small Business Economics*, 30(3), 251-265.
- Wooldridge, J. M. (2015). *Introductory econometrics: A modern approach*: Nelson Education.
- Xinyuan, Z., Nan, B., & Yufei, Z. (2017). Ownership Concentration, Financial Leverage and Inefficient Investment-evidence from Chinese A-share Market. *Applied Finance and Accounting*, 3(2), 70-75.

Young, M. N., Peng, M. W., Ahlstrom, D., Bruton, G. D., & Jiang, Y. (2008). Corporate governance in emerging economies: A review of the principal–principal perspective. *Journal of management studies*, 45(1), 196-220.

Zygmunt, J. (2013). *Does liquidity impact on profitability*. Paper presented at the Conference of informatics and management sciences, March.