Ownership Structure and Earnings Management among Non-financial Listed Firms in Nigeria

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ABSTRACT

This study examines the effect of ownership structure on Earnings Management (EM) among non-financial listed firms in Nigeria for the period of eleven years (2010–2020) using secondary data obtained from the annual reports of the sample firms. The population consists of one hundred and thirteen non-financial listed firms on the Nigerian Stock Exchange as at December 31, 2020, and the sample firms are made up of seventy-two non-financial listed firms that have the data needed for the study. The Discretional Accruals (DA) measured by the Dechow, Richardson, and Tuna (2003) model was used to proxy EM. The data collected was analyzed using panel data regression analysis. The findings show that foreign ownership has a negative and significant influence on EM. While ownership concentration has no significant influence on EM, However, institutional and managerial ownership have a positive and significant effect on EM. The study concludes that the ownership structure has a significant effect on EM. Whereas ownership concentration does not show any significant effect on EM. Hence, the study recommends that foreigners be allowed to participate on the board of the firm as their presence may discourage management from engaging in EM. Furthermore, institutional and managerial ownership should be given close monitoring on the board of the firm as the positive sign is an indication of aggressive EM.

Keywords: *ownership structure, earnings management, non-financial listed firms, Nigeria.*
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1. Introduction

In today's financial market, accounting manipulation, scams, and fraud are not new issues. Financial fraud is significantly greater in firms with previously managed earnings. Earnings Management (EM) occurs when, as a result of users relying on published accounting numbers, managers intentionally change their financial reports to mislead users or manipulate the results of their decisions. Most of these managers benefit from personal and business gains from the practice of earnings management. By managing firm-specific information, they have additional benefits over users of external financial information. EM could be used to manipulate a company's disclosed financial statements in order to mislead stakeholders and affect contractual benefits based on accounting earnings. EM can be considered as legal if an organization adjusts the disclosed earnings in line with Generally Accepted Accounting Principle (GAAP) guidelines. However, it becomes fraudulent when it does not comply with GAAP guidelines and accounting standards, such as accelerating revenue recognition and deferring

expense recognition, which is known as discretionary accruals, EMP, or intentionally making operating decisions with actual cash flow consequences with the goal of changing reported earnings, which is known as real activities EM. (Farouk, 2014). An ownership structure is a proportion of the shares held by different parties in the equity (ordinary shares) of the firm. These parties are known as the owners of the corporation, ranging from promoters to private and public corporations, individual and institutional investors, and foreign ownership.

Ownership structure differs from one organization to another due to differences in either the environment's stability or legal regulations as well as economies of scale, among others. In Nigeria, the ownership structure can be in the private (family), managerial, block, foreign, free float, government, or institutional forms (Farouk & Bashir, 2017). Separation of ownership and control may inspire managers to distort information and manipulate earnings for their own personal benefits. The goal of the study is to assess the effect of ownership structure (foreign, institutional, managerial, and ownership concentration) on EM among non-financial listed firms in Nigeria. A review of several empirical studies from different continents in the world showed different results. More so, most of the empirical studies on the effect of ownership structure on EM focused on using Dechow *et al.* (1995) or Khothari *et al.* (2005) models to measure EM, particularly in Nigeria and Africa at large (Uweigbe *et al.,* 2015; Swai, 2016; Saline, 2020). Furthermore, these past studies, especially in Nigeria, were based on financial institutions or a particular sector and considered less than ten years of observations (Saidu *et al.,* 2017; Osemene *et al.,* 2018; Abubakri *et al.,* 2020). This study therefore addressed these research gaps by ensuring that EM proxies by discretionary accrual were measured with the Dechow, Richardson, and Tuna Model (2003). In addition, the study considered ten sectors for more than ten years.

1.2 Research Hypotheses

H_{01} Foreign ownership has no significant effect on the earnings management of non-financial listed firms in Nigeria

H_{02} Institutional ownership does not significantly influencing earnings management of non-financial listed firms in Nigeria

H_{03} Ownership concentration does not significantly drive earnings management of non-financial listed firms in Nigeria

H_{04} Managerial ownership has no significant influence on the earnings management of non-financial listed firms in Nigeria

2. Literature Review

2.1 Foreign Ownership and Earnings Management

Foreign investment is observed to be associated with better monitoring and thus expected to reduce the private benefits of control. D'Souza *et al.* (2005) submitted that greater foreign ownership results in greater efficiency gains in privatized firms. Hence, foreign ownership, which may be associated with better monitoring, reduces the ability of insiders to manipulate earnings for private purposes. Frydman *et al.* (1999) opined that foreign owners have the financial capacity and competent management that gives them a hedge over other owners in monitoring insiders and report a positive relationship between foreign ownership and post-privatization corporate performance. Furthermore, Farouk and Bashir (2017) discovered a positive and significant effect of foreign ownership on earnings management in a study conducted among listed conglomerate firms in Nigeria. However, Omar and Hind (2012) in a study carried out among firms listed on the Casablanca Stock Exchange observed that companies with foreign or local institutions as the largest shareholders are significantly lower EM than other companies. Furthermore, Alzoubi (2016) revealed a negative and significant effect of foreign ownership on EM in a study carried out among listed firms in Jordan. Based on the argument from various scholars, this study examined the effect of foreign ownership on EM among non-financial listed firms in Nigeria.

2.2 Institutional Ownership and Earnings Management

Institutional shareholders often have large equity positions with the expectation of sizable returns on their investment, which substantiates the costs connected with overseen shareholders and/or their

associated managers (Gillan & Starks, 2007). According to Lin and Hwang (2010), high equity holdings by institutions enhance the reliability of financial information. Empirical research findings show that the quality of financial reporting weakened as institutional ownership of equity increased (Bradbury *et al.,* 2006; Pizzaro *et al.,* 2007). Wang (2006) submitted that ownership structure has a significant influence on earnings reported by firms. However, the importance of institutional and insider investors on the ability of managers to manipulate earnings remains a controversial issue. Institutional investors, compared to individual investors, have more capability of collecting, interpreting and detecting managerial opportunities over earnings numbers. Institutional investors are long-term investors with raving incentives and motivations to closely monitor management action. They are interested in monitoring the quality of companies' financial reports when they have invested heavily in the company (Chung *et al.,* 2005). Similarly, Velury and Jenkins (2006) submitted that firms with high stock ownership by institutions experience earnings numbers of high quality. In the same vein, Koh (2007) revealed that active institutional investors are more likely to effectively constrain the unethical behaviour of EM and enhance the reliability and credibility of financial reporting. Obasi *et al.* (2014) investigated equity ownership structure and earnings management in Nigerian quoted companies using Ordinary Least Square as an estimation technique to evaluate the variables. The study revealed that institutional ownership has a positive effect on EM. However, Aygun *et al.* (2014) revealed a negative and significant effect of institutional ownership on EM. More so, Liu and Tsai (2015) showed a negative and significant effect of institutional ownership on EM. In addition, Alzoubi (2016) observed that institutional ownership has a significant negative effect on the EM of firms. Following the review of literature in respect of institutional ownership and EM, This study analysed the effect of institutional ownership on EM among non-financial listed firms in Nigeria.

2.3 Ownership Concentration and Earnings Management

Minority shareholders would be unconcerned about monitoring because they would bear all of the costs associated with mentoring management activities when they only had a small gain to derive (Sandra, 2012). According to Jaggi & Tsui (2007), large shareholders may interfere in the firm's management and may encourage managers to become involved in EM for their own personal benefits. Several studies have been carried out on ownership concentration and earnings management. For instance, *Choi et al.* (2004) conducted a study among Korean firms and observed a positive relationship between ownership concentration and EM. Similarly, Zhong *et al.* (2007) assessed the relationship between outside block-holder ownership and earnings management for NYSE firms. The study revealed a positive relationship between outside block-holder ownership and discretionary accrual earnings management. More so, Kim and Yoon (2008) showed a positive relationship between ownership concentration and EM in a study carried out in Korea. In the same vein, Ayade (2014) revealed a positive effect of ownership concentration on EM. However, ownership concentration reduces the managers' discretionary behavior in a study conducted by Iturriaga and Hoffmann (2005) among Chilean firms. Similarly, (Obigbemi, 2017; Farouk & Bashir, 2017) revealed a negative effect of ownership concentration on EM among Nigerian firms. Based on different findings of previous literature, this study assessed the influence of ownership concentration on EM among non-financial listed firms in Nigeria.

2.4 Managerial Ownership and Earnings Management

Managerial ownership is a significant factor in the ownership structure of the company. It is advantageous in aligning a manager's interests with those of other stakeholders and, therefore, improves EM. If management owns a large proportion of its ownership, its market value should increase, which invariably means that if management ownership increases as a firm stock, they will be more likely to align their strategic goals with shareholders' goals steadily (Farouk & Bashir, 2017). Several studies have been carried out on the effects of foreign ownership and EM, both in developed and developing countries. With regards to those that are found positive, Aygun *et al.* (2014) observed a positive and significant effect of managerial ownership on EM in a study carried out among selected firms in Turkey. In Nigeria, (Ogboneya *et al.,* 2016; Obigbemi, 2017) revealed a positive and significant effect of managerial ownership on EM. In the case of the studies that found negative, (Amel & Anis,

2014; Alzoubi, 2016; Saona *et al.,* 2020), observed a negative and significant effect of managerial ownership on EM. In Nigeria, the study conducted by Obasi *et al.* (2014) showed a negative and significant effect of managerial ownership on earnings management. In the same vein, Farouk and Bashir (2017) observed a negative and significant effect of managerial ownership on earnings management among listed conglomerate firms. Based on the findings from extant literature, this study investigated the effect of managerial ownership on EM among non-financial listed firms in Nigeria.

2.5 Theoretical Review

This study was anchored on stakeholder theory. The origin of stakeholder theory can be traced to Ian Mitroff in his book "Stakeholders of the Organizational Mind," published in 1983 in San Francisco. The theory is centered on the fact that an organization exists to cater to its stakeholders' needs and expectations. The theory argues that a firm should create value for all stakeholders, not just shareholders. All stakeholders in a company have some expectations from the company. If a company wishes to remain associated with its stakeholders, it must do something to satisfy these expectations. The expectations of different groups of stakeholders are not the same, and they are often inconsistent with each other. Mansell (2013) opined that it should not be overlooked that the mentioned stakeholder groups are likely to be interested primarily in the settlement of their claims, but, in contrast to the owners, not necessarily in the maximization of the company's market value. Freeman (1984) concluded that the main purpose of a company is to meet the needs of stakeholders. It is believed that managers may sometimes pursue opportunistic behaviour, which may contradict the interests of other stakeholders. This study adopted stakeholder theory because it deals with how to take into consideration all stakeholders, i.e., those that can affect or be affected by the decisions taken by the company, irrespective of the ownership structure of the firms.

3.0 Methodology

This study adopted an *ex-post facto* research design in order to assess the effect of ownership structure on EM of non-financial listed firms in Nigeria for the eleven years 2010–2020. The population consists of one hundred and thirteen non-financial listed firms on the Nigerian Stock Exchange as at December 31st 2020. The sample firms are made up of seventy-two non-financial listed firms, purposively selected across ten sectors (Natural Resources 4, Conglomerate 5, Agriculture 4, ICT 4, Construction and Real Estate 2, Healthcare 6, Oil and Gas 8, Industrial Goods 10, Consumer Goods 14 and Services 15). EM was proxied by Discretional Accruals (DA) measured by the Dechow *et al.* (2003) model. The data collected was analyzed using panel data regression analysis.

3.2 Measurement of Variables

3.2.1 Dependent Variables

DA= TA- NDA

$TAt = \Delta CAt - \Delta Casht - \Delta CLt + \Delta DCLt - DEPt$ ..... (3.1)

Where: TAt= Total Accruals, ΔCAt = the change in current assets in year t; $\Delta Casht$ = the change in cash and cash equivalents in year t; ΔCLt = the change in current liabilities in year t; $\Delta DCLt$ = the change in debt included in current liabilities in year t; $DEPt$ = depreciation and amortization expense in year t.

The study employed Dechow *et al.* (2003) model to measure non-discretionary accrual of firm i in year t.

$$\text{NDA}=\frac{\mathbf{TA}}{\text{Ai}_{t-1}} = \alpha_o\left(\frac{1}{Ai_{t-1}}\right) + \alpha_1\left(\frac{(1+K)\boldsymbol{\Delta REV - RECi_t}}{Ai_{t-1}}\right) + \alpha_2\left(\frac{\boldsymbol{PPEi_t}}{Ai_{t-1}}\right) + \alpha_3\frac{\mathbf{TA}}{\text{Ai}_{t-1}} + \alpha_4\left(\frac{\boldsymbol{Salesit}}{Ai_{t-1}}\right) + \varepsilon it \ldots\ldots (3.2)$$

Where: NDAi,t = Total accruals of non-discretionary firms i in year t., TAi.t = Total accruals of firm i in year t., k= is a slope coefficient from regression ΔRECit on ΔREVit, ΔREVi,t = Changes in firm income i in year t., ΔRECi,t = Changes in firm receivables i in year t. PPEi,t = firm Non-current asset (property,

plant and equipment) i in year t., SALE*it* = Annual change in sales from current year (t) to next year $_{(t+1)}$., $Ai,_{t-1}$ = Total assets of firm i in year $t-_1$, $\varepsilon i,t$ = Error

3.2.2. Independent and Control Variables

This section describes the measurement of the independent and control variables of the study, as shown in Table 1.

Table 1. Measurement of Explanatory Variables

S/N	Variables	Variables Acronyms	Measurement	Source	Apriori Expectation
1	Foreign Ownership	FOWN	Percentage of total shares held by foreign investors	(Farouk, 2014)	+/-
2	Institutional Ownership	IOWN	Percentage of total shares held by Institutions	(Koh, 2003)	-
3	Ownership Concentration	OWNC	Percentage of total shares held by Directors	Farouk and Bashir, (2017)	-
4	Managerial Ownership	MOWN	Percentage of total shares held by Directors	(Karthanssis & Drakos, 2004)	-
5	Firm Size	FS	Natural log of total asset at year-end.	(Khanh & Thu, 2019)	+
6	Leverage	LEV	Ratio of total liabilities to total assets.	(Khanh & Thu, 2019)	+/-
7	Firm Growth	FG	Year on year change in total revenue.	(Siraj & Nazar, 2021)	-
8	Firm Performance	ROA	Earning after interest tax on total assets.	Siraj & Nazar, 2021)	+

Source: Authors compilation, (2022).

3.3. Model Specification

The model for this study was adapted from the work of Siraj and Nazar (2021) with little modification.

DA= f(FOWN + IOWN + OWNC + MOWN + FS + LEV + FG + FPERF).....(3.3)

The econometric form of the model is given as:

$DA= \beta_0 + \beta_1 FOWNit + \beta_2 IOWNit + \beta_3 OWNCit + \beta_4 MOWNit + \beta_5 FSit + \beta_6 LEVit + \beta_7 FGit + \beta_8 FPERFit + YEARit + \varepsilon$ .....(3.4)

Where: **DA**= Discretionary Accruals, β_0 = Constant, β_1, β_2, β_3, β_4, β_5, β_6, β_7, β_8 = Slope Coefficient, **FOWN**= Foreign Ownership, **IOWN**= Institutional Ownership, **OWNC**= Ownership Concentration, **MOWN**= Managerial Ownership, **FS**= Firm Size, **LEV**= Leverage, **FG**=Firm Growth, **FPERF**= Firm Performance, **YEAR**= Dummy variable of the time under study, ε= Error Term.

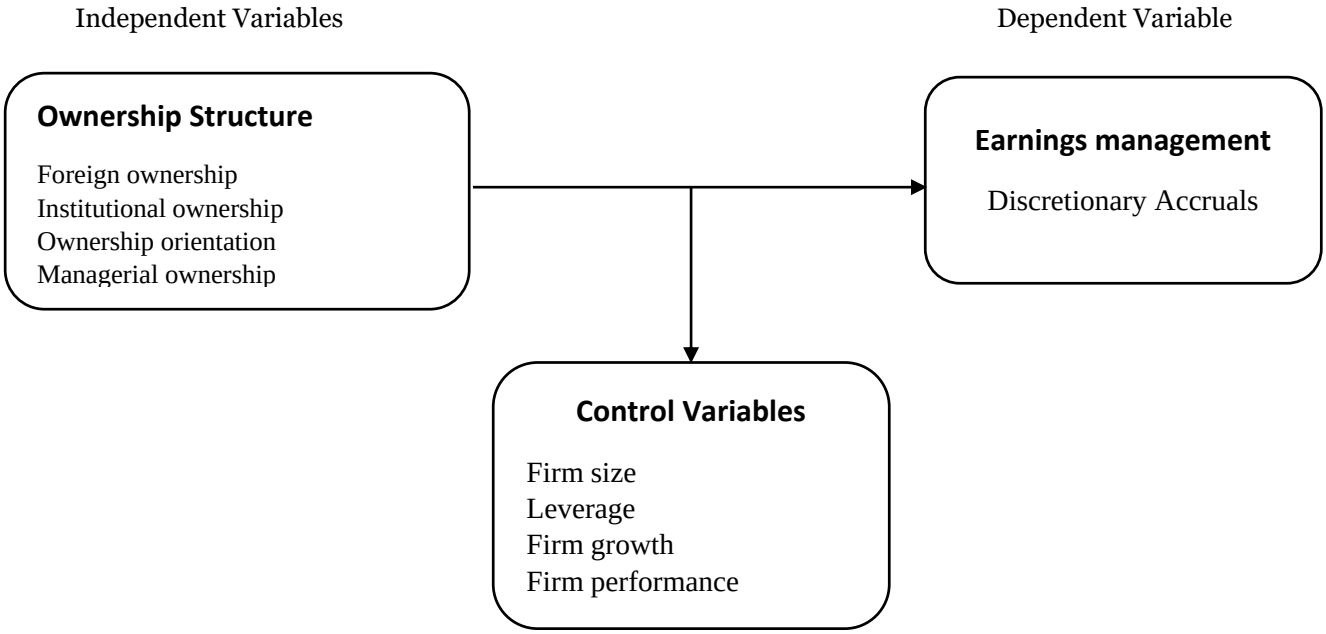

Figure 1. Research framework

4. Results and Discussion

Table 2 shows the descriptive statistics and the bivariate correlations among the variables. The table presents the mean and standard deviation of the dependent explanatory variables of the study. The mean value of DA is 0.25 and the standard deviation is 0.43. The results show that there is a substantial variation. The mean value of foreign ownership (FOWN) is 0.33, institutional ownership (IOWN) is 0.22, ownership concentration (OWNC) is 0.17, and managerial ownership (MOWN) is 0.47. Firm Size (FS) has a mean of.51 and leverage (LEV) is.44. Firm Growth (FG) is 1.25, while firm profitability is 4.59. Furthermore, the study discovered that most of the correlations between variables are low. None of the correlations between predictor variables has a value of above 0.55, suggesting that multicollinearity is not a concern for the study model.

Table 2. Descriptive Statistics and Correlation Matrix

Variables	Variable Names	Mean	S.D	1	2	3	4	5	6	7	8	9
1.DA	Discretionary Accruals	.25	.43	1.00								
2.FOWN	Foreign Ownership	.33	.24	.18	1.00							
3. IOWN	Institutional Ownership	.22	.09	.09	.51	1.00						
4.OWNC	Ownership Concentration	.17	.12	.35	-.31	-.15	1.00					
5.MOWN	Managerial Ownership	.47	.58	.17	-.28	.32	-.41	1.00				
6. FS	Firm Size	.51	.29	.24	.26	.08	.12	-.54	1.00			
7. LEV	Leverage	.44	.56	.15	.19	.23	-.18	-.27	-.09	1.00		
8. FG	Firm Growth	1.25	.87	.25	.07	.18	.31	-.14	-.37	.14	1.00	
9. FPERF	Firm Performance	4.59	2.67	.16	-.12	.30	-.20	.09	-.06	.41	-.23	1.00

Source: Authors computation, (2022).

4.3 Multicollinearity Diagnostic of the Variables

A Variance Inflation Factor (VIF) was computed as shown in Table 3 to test for multicollinearity diagnostics across the study variables. The highest VIF value computed was 1.33 for FOWN, and the mean VIF across variables was 1.13. VIF values between the threshold of 5 and 10 are potential indicators of multicollinearity. All VIF values were significantly lower than the threshold of 5 and thus showed that there is no significant problem of multicollinearity across the study model variables.

Table 3. Variance Inflation Factor

Variables	VIF	Tolerance
FOWN	1.33	0.859906
IOWN	1.16	0.864129
OWNC	1.16	0.865576
MOWN	1.11	0.901444
FS	1.03	0.967309
LEV	1.09	0.915762
FG	1.15	0.881432
FPERF	1.02	0.973703
MEAN	**1.13**	

Source: Authors computation, (2022).

Where: **DA**= Discretionary Accruals, **FOWN**= Foreign Ownership, **IOWN**= Institutional Ownership, **OWNC**= Ownership Concentration, **MOWN**= Managerial Ownership, **FS**= Firm Size, **LEV**= Leverage, **FG**=Firm Growth, **FPERF**= Firm Performance

4.4 Unit Root Test

Table 4 shows the dependent and explanatory variables used in the regression analysis as they were separately subjected to panel unit root tests and exhibit stationarity at a 5% level of significance using Levin, Lin and Chut, Im and ADF-Fisher Chi-square before estimating the model. It was clear from the unit root test table that all the variables were significant at a 5% level.

Table 4. Unit root test results

Variables	Levin, Lin & Chu t	ADF-Fisher Chi-sq	Status
DA	-5.88**	390.92**	1(0)
	(0.00)	(0.00)	
FOWN	-14.55**	580.93**	1(0)
	(0.00)	(0.01)	
IOWN	-5.41**	809.68**	1(0)
	(0.00)	(0.00)	
OWNC	-12.92**	480.02**	1(0)
	(0.00)	(0.03)	
MOWN	-25.74**		1(0)
	(0.00)		
FS	-13.06**		1(0)
	(0.00)		
LEV	-1.39**	771.29**	1(0)
	(0.02)	(0.01)	
FG	39.23**	480.02**	1(0)
	(0.00)	(0.04)	
FPERF	19.80**		1(0)
	(0.00)		

Source: Authors computation, (2022).

Where: **DA**= Discretionary Accruals, β_0 = Constant, β_1, β_2, β_3, β_4, β_5, β_6, β_7, β_8 = Slope Coefficient, **FOWN**= Foreign Ownership, **IOWN**= Institutional Ownership, **OWNC**= Ownership Concentration, **MOWN**= Managerial Ownership, **FS**= Firm Size, **LEV**= Leverage, **FG**=Firm Growth, **FPERF**= Firm Performance

4. 5 Effect of ownership structure on Earnings Management

In Table 5 below, the study observed from OLS pooled regression that the R-squared value of 0.52 shows that about 52% of the systematic variations in Earnings Management (EM) measured by Discretionary Accrual (DA) in the pooled firms over the study period. It was jointly explained by the independent variables. This suggests that EM in non-financial listed firms in Nigeria cannot be 100% explained by ownership structure and our control variables. The unexplained part of the EM can be attributed to the exclusion of other independent variables that can influence EM but were excluded due to the fact that they were outside the scope of the study. The F-statistic value of 34.57 and its associated P-value of 0.00 show that the OLS regression model on the overall is statistically significant at a 5% level. This implies that the regression model is valid and can be used for statistical inference. This study employed the panel regression method using both fixed and random effect models. The results from the panel regression, as shown in table 4.5, are discussed as follows.

The F-statistic and wald-statistic values of 19.56 (0.00) and 45.14 (0.00) for fixed and random effect models, respectively, show that both models are valid for drawing inference since they are both statistically significant at 5%. In the case of the coefficient of determination (Adj R^2), the findings revealed that 66% and 71% of the systematically significant variations in EM are explained jointly by the independent variables in the random and fixed effect models, respectively. This therefore suggests that less of the variation in EM was explained when compared to the OLS pooled regression. The results also confirm that ownership structure and our control variables are not the only factors that drive EM since a lot is still not explained.

In testing formulated hypotheses, the two widely used panel data regression estimation techniques (random and fixed effects) were employed as shown in Table 5. The findings revealed differences in the magnitude of the coefficient, sign and the number of insignificant variables. The estimation of the random effect considers that error term and explanatory variables are correlated while that of fixed panel regression was based on the assumption of no correlation between the error term and explanatory variables. In selecting from two panel regression results, the Hausman test was conducted and the test is based on the null hypothesis that the random effect is preferred to the fixed effect model. The p-value of the Hausman test (0.00), suggests that the study should reject the null hypothesis and accept the alternative hypothesis at 5% level of significance. This implies that we should adopt the fixed effect panel regression results in drawing our conclusion and recommendation.

Following the above, the discussion of the fixed effect results becomes imperative in testing hypotheses. The fixed effect regression is used in the following analysis for each of the independent variables. Foreign ownership has a negative and significant influence on DA (=-3.67; P > |t| =0.0000.05). This implies that where there is an increase in foreign ownership, the EM of non-financial listed firms will decrease by 3.67. This means we should reject the null hypothesis (H_1; foreign ownership has no significant effect on EM among non-financial listed firms in Nigeria). The results agree with the findings of (D'Souza *et al.,* 2005; Omar & Hind, 2012; Osemene *et al.,* 2018), but differ from the outcome of Farouk and Bashir (2017). Similarly, institutional ownership (=1.98; P> |t| =0.030.05) has a positive and significant effect on DA. This suggests that when there is a one percent (1%) increase in institutional ownership, the EM of non-financial listed firms in Nigeria will increase by 1.98. The results provide evidence of rejecting (H_2; institutional ownership has no significant effect on EM among non-financial listed firms in Nigeria). This result agrees with prior empirical results (Koh, 2007; Mouna *et al.,* 2017; Lemma *et al.,* 2018). Most specifically, the results did not tally with the findings of (Sirger & Utama, 2008; Lin & Hwang, 2010; Saona et al., 2020).

However, ownership concentration (β=-0.04; P>|t|=0.97>0.05) has no any significant influence on DA. The result, therefore, provides evidence of accepting the null hypothesis (H_3; ownership concentration has no significant effect on EM among non-financial listed firms in Nigeria). This result

is in line with the study of (Kim & Yoon, 2008), but differ with the findings of (Ituriga & Hoffmann, 2005; Mouna *et al.,* 2017). Furthermore, Managerial ownership (β=2.08; P>|t|=0.04<0.05) has a positive and significant effect on DA. This implies that when there is one percentage (1%) increase in managerial ownership, EM of non-financial listed firms in Nigeria will increase by 2.08. The results provides evidence of rejecting ($H_{4;}$ managerial ownership has no significant effect on EM among non-financial listed firms in Nigeria). This result corroborate with the findings of (Saona *et al.,* 2020; Dong *et al.,* 2020). Most specifically, the results did not tally with the findings of (Farouk & Bashir, 2017; Siraji & Nazar, 2021).

With regards to the control variables, firm size and firm performance (=-0.55; 0.37; P> |t| =0.58; 0.72>0.05 respectively) have no significant effect on DA. This implies that EM will not be influenced when there is an increase in firm size or an improvement in the performance of non-financial listed firms in Nigeria. However, leverage and firm growth (=-3.67;-2.07; P> |t| =0.00; 0.010.05 respectively) are significant, negatively and strongly influencing the EM of non-financial listed firms in Nigeria. It implies that non-financial listed firms with more debt than equity and growth firms did not engage in EM.

Table 5. Regression Results

	Pooled OLS	RANDOM Effect	FIXED Effect
C	0.36	0.85	0.85
	[0.72]	[0.39]	[0.39]
DA	5.16	1.52	2.67
	[0.00]**	[0.13]	[0.01]**
FOWN	-6.27	2.08	-3.67
	[0.00]**	[0.04]**	[0.00]**
IOWN	2.09	0,41	1.98
	[0.04]**	[0.69]	[0.03]**
OWNC	0.29	-0.67	-0.04
	[0.77]	[0.50]	[0.97]
MOWN	1.24	0.03	2.08
	[0.21]	[0.97]	[0.04]**
FS	-1.81	-0.43	-0.55
	[0.07]	[0.67]	[0.58]
LEV	-2.39	-0.43	-3.67
	[0.02]**	[0.67]**	[0.00]**
FG	0.41	-0.37	-2.07**
	[0.69]	[0.72]	[0.04]
FPERF	-0.20	0.85	0.37
	[0.85]	[0.34]	[0.72]
F-Statistics	34.57(0.00)**	19.56(0.00)**	45.14(0.00)**
Adj R-Squared	0.52	0.66	0.71
Heteroscedasticity	14.03(0.00)		
HAUSMAN TEST		Prob>chi2=	53.32(0.00)*

Note: (1) bracket [ ] are p-values (2) **, implies statistical significance at 5% level

5. Conclusion and Recommendations

This study has established the fact that foreign ownership has a significant and negative influence on EM, whereas ownership concentration does not show any significant effect on EM for the investigated period. However, institutional and managerial ownership have a positive and significant effect on EM. The study recommended that foreigners be allowed to participate on the board of the firm as their presence may discourage management from engaging in EM. Furthermore, institutional and managerial ownership should be given close monitoring on the board of the firm as the positive sign is an indication of aggressive EM.

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