Effect of Leverage and Ownership Structure on the Financial Performance of Listed Non-Financial Firms in Nigeria

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Abstract

The effect of leverage and ownership structure on the financial performance of Nigeria listed consumer goods was examined in this study. The sample size comprises of 20 firms with period ranging from 2013 to 2021. Panel regression analysis and correlation analysis was the data estimation method used to analysed the data gathered for this study. Findings from this study revealed that leverage has a negative and significant impact on return on equity evidenced with t-statistics and p-value of (-3.66 and 0.024). Also, managerial and foreign ownership structure have significant and positive influence on ROE supported with t-statistics and p-values of (4.54,14.66) and (0.000,0.000) while institutional ownership structure was found to have no statistically significant influence on ROE evidenced with t-statistic and p-value of (-1.54 and 0.123). The study concluded that leverage, foreign and managerial ownership structure have the tendency to improve firm financial performance, as a result, this study recommends appropriate usage of leverages and also that firm ownership structure should also comprise of well skilled people.

Keywords: Foreign Ownership, Institutional Ownership, Leverage, Managerial Ownership, Return on Equity

1.0 Introduction

According to Rahayu (2018), profit served as an indicator of management effectiveness in handling a company's assets and gauging operational efficiency. Profitability is a key factor in evaluating a company's overall condition, particularly in assessing management performance (Arthasari & Dwiati, 2018). While high leverage can enhance return on equity during favourable business conditions, it also raises the risk of financial distress, especially in economic downturns. Hence, there exists a threshold for prudent leverage utilization in every organization (Al Habsi & Khalil, 2021). Brealey *et al.* (2013) emphasized that a crucial and debated aspect of maximizing profitability is the strategic selection of the capital structure. Ali *et al.* (2022) opined that leverage is a metric indicating the proportion of a firm's assets financed through debts, expressed by dividing total debts by total assets. It reflects the extent to which assets are utilized for the company's operational activities, funded by external debt (Yuliarti & Yanto, 2017). Saleh and Elfina (2022) argued that an upsurge in the leverage ratio signals the firm's heightened need for fresh funds, exposing a reliance on debt that poses risks to its survival.

Vermeulen (2021) noted that companies in financially weak positions in Germany, France, Italy, and Spain encounter challenges in accessing external financing, leading to increased dependence on internal liquidity. While high leverage can enhance return on equity during prosperous times, it concurrently heightens the risk of financial distress, especially in economic downturns. Kodongo *et al.* (2015) affirmed that the leverage of firms in Kenya inversely correlates with profitability. Kahya *et al.* (2020) suggested that firms struggle to borrow more during crises, opting for internal financing and debt reduction. The COVID-19 pandemic has made it challenging for many firms to secure funds, prompting a shift towards reliance on internal funding sources (Kalantonis *et al.*, 2021). Despite diverse opinions on the impact of leverage on profitability, Modigliani and Miller initially assumed in 1958 that in a flawless market, a firm's choice between debt and equity doesn't affect its cost of capital. However, in 1963, they revised this theory, acknowledging the relevance of debt levels and the value they generate in the form of tax shields to maximize profit (Andersson & Minnema, 2018). Nenu *et al.* (2018) also affirmed that leverage is relevant and can influence profitability.

More so, Ownership structure significantly contributes to cost control and decision making (Jensen and Meckling, 1976, cited by Kirimi et *al*., 2022). Ali et *al*. (2022) also asserted that ownership structure affects profitability and serves as a corporate governance tool, assessing a firm's ability to achieve goals and consider shareholder well-being. Ruan *et al.* (2011) and Miguel et al. (2004) suggested that the ownership structure of firms in China and the United Kingdom, particularly managerial ownership, has a notable influence on firm value. Managerial ownership tends to mitigate agency costs and enhance profitability (Mishelle, 2021). Anwar (2019) categorized ownership structure into institutional, foreign, and managerial ownership. Managerial ownership, seen as an effort to increase a company's value, ensures that managers, also shareholders, directly bear the consequences of business decisions, preventing actions solely benefiting themselves (Suastini *et al.*, 2016). Allocating shares to managers serves as a means of motivating them, fostering increased effort levels, and contributing to enhanced firm financial performance (Olagunju *et al.*, 2021). In Nigeria, certain companies permit directors to purchase company shares, while others do not; some even provided share bonuses to managers as a motivation to align their actions with shareholders' interests (Adenle *et al*., 2022). Institutional ownership involves significant stock ownership by institutions in a firm (Cornette *et al.*, 2008). Olorede, *et al.* (2020) observed that institutional investors play a vital part in a firm's operations, contributing to increased firm value. Institutional ownership correlates with heightened financial performance due to improved corporate governance and superior management quality (Galego *et al.*, 2019). Foreign ownership functions as a crucial monitoring tool essential for safeguarding shareholders' wealth and firm's profits (Al-Jaifi, 2017).

Universally, the correlation between the structure of firm ownership, financial performance, leverage, and overall performance has been a focal point for management, investors and scholars over several decades. This research explored the combined effects of leverage and ownership structure on the financial performance of listed non-financial firms on global exchanges. Numerous scholars, including Nguyen *et al.* (2019) and Matsoma (2022) have analyzed the relationship between leverage and financial performance. Similarly, authors such as Balsmeier and Czarnitzki (2017), Kirimi *et al.* (2022), Kotey, Kusi, and Akomatey (2019), Paniagua et *al.* (2018), Sadiq and Othman (2017), Xia and Walker (2015) and Yu (2013) have investigated the impact of ownership structure on financial performance. Notably, majority of these

studies were conducted in nations like China, Ghana, Kenya, Sweden, South Africa, Vietnam, and Sri Lanka. In contrast, a limited number of studies, such as those by Abosede and Kajola (2011), Yahaya and Lawal (2018), Kerim *et al.* (2021), Kerim and Alaji (2019) ; Benjamin, Love and Kabiru (2014), have addressed these aspects in the context of Nigeria.

Apparently, none of the studies, except for Ali *et al.* (2022) conducted in Pakistan, have examined the combined impact of leverage and ownership structure on financial performance. Significantly, there is a noticeable dearth of research on this topic concerning Nigeria. This study addresses this gap by specifically investigating the influence of both leverage and ownership structure on the financial performance of non-financial companies in Nigeria a facet largely overlooked by researchers in the past. Essentially, this research contributes to existing theoretical literature and extends its impact to empirical studies within this field of research. The study's findings are expected to provide valuable insights to top management in Nigerian non-financial firms regarding the interplay of leverage, ownership structure, and financial performance. The primary objective is to explore the influence of leverage and ownership structure on the financial performance of listed non-financial firms in Nigeria.

2.0 Literature Review

2.1 Conceptual Review

Leverage

Debt policy involves the decisions made by companies to operate with financial leverage, where leverage represents funds borrowed by the firm (debt) to finance its assets for operational activities (Gilbert, 2022). It is also measured by the proportion of a firm's assets financed by debts, calculated as total debts divided by total assets (Ali *et al.*, 2022). The organization's debt policy needs to be appropriate, avoiding excessive debt usage that could lead to the firm's downfall, and emphasizing the cautious use of debt (Adenle *et al.*, 2022). Kibuchi (2015) contends that ineffectual management of financial leverage may result in challenges meeting monetary commitments on time. Elevated financial leverage in firms can make them susceptible to losing market share, market value, and negatively impact overall financial performance. Notably, studies by Nguyen *et al.* (2019) and Matsoma (2022) have incorporated leverage as a variable in their research.

Ownership Structure

Ali *et al.* (2022) and Anwar (2019) stated that ownership structure, comprises; institutional ownership, managerial ownership, and foreign ownership. Ezeoha and Okafor (2010) posited that the fraction of shares held by managers is crucial. Arthasari and Dwiati (2018) asserted that managers having the ability to purchase company shares encourages a focus on the company's survival, reducing conflicts of interest with shareholders. Managerial ownership is instrumental in mitigating conflicts between managers and shareholders. Institutional ownership involved significant stock holdings in a firm by other institutions (Comett *et al*., 2008). Lin and Fu (2017) opined that institutional investors, having a long-term stake in a firm, accumulate substantial knowledge, enhancing their effective monitoring role. Researchers who have explored ownership structure in their studies includes Balsmeier and Czarnitzki (2017), Kirimi *et al.* (2022), and Kotey, Kusi, and Akomatey (2019).

Financial performance

Wang *et al.* (2020) indicated that performance evaluates a business's effectiveness concerning resource utilization, customer satisfaction, and employee well-being. Prasetyo and Suhendah (2023) underscored that financial performance, assessed through profitability, reflects a ratio indicating a firm's capability to sustain and generate profits or operating income over a specific period. Profitability can be measured using various metrics, such as return on assets (ROA) and return on equity (ROE). This study used ROE as an index for measuring financial performance. Nguyen *et al.* (2023) suggested that return on equity scrutinizes how efficiently firms employ their total equity to generate profit, essentially revealing the profit generated per unit of equity investment. Return on equity has been employed as a performance metric by researchers like Ali et al. (2022), Kerim *et al.* (2021) and Nguyen *et al.* (2023).

Relationship between Leverage and Financial Performance (FP)

Leverage bestows value upon an organization due to the interest tax shield provided through corporate tax incentives by most governments. Companies must assess their debt capital needs by evaluating their requirements and the financial market landscape (Kaluarrachchi *et al*., 2021). Leverage enables a company to potentially achieve higher returns on equity. When a company's investments perform well, leverage can positively impact financial performance; however, if the investments underperform, the influence of leverage can be detrimental to the firm's performance. Moreover, increased leverage can result in higher interest payments, affecting overall firm performance (FP). Studies by Kaluarrachchi *et al.* (2021), Rafiuddin and Rafiqul (2020), and Senan *et al.* (2021) discovered a positive connection between leverage and financial performance. In contrast, studies by Ali *et al.* (2022), Salim and Yadav (2012), Vătavu (2015), and Gupta and Gupta (2014) showed a negative connection between leverage and FP.

Relationship between Ownership Structure and Financial Performance

Ownership structure stands out as a crucial tool employed by many firms worldwide to enhance performance (Alkurdi *et al.*, 2021). The ownership structure of a firm significantly influences decision-making and cost control (Kirimi *et al.*, 2022). Managerial, institutional, and foreign ownership structures represent diverse ownership forms that can impact a firm's financial performance. Allocating shares to managers serves as a means of motivating them, fostering increased effort levels, and contributing to improved firm financial performance (Olagunju *et al.*, 2021). Higher managerial ownership (MOW) can align the interests of managers with shareholders, potentially leading to enhanced financial performance, given managers' personal stake in the firm's success. Institutional ownership is linked to heightened financial performance (Lin & Fu, 2017). It influences company policies and decisions, proving beneficial for funding expansion, research and development, and other initiatives contributing to financial performance. On the other hand, foreign ownership acts as a crucial monitoring tool essential for safeguarding a shareholders' wealth and firms profit (Al-Jaifi, 2017). Foreign ownership provides companies with access to additional resources, brings about diversification benefits, leverages global networks, and capitalizes on market opportunities, significantly influencing financial performance. Studies by Ilker and Selim (2015) identified a positive connection between ownership structure and financial performance (FP). In contrast, the studies of Nizar and Abdelbaset (2014) indicated a negative relationship, and Do and Wu (2014) found no discernible connection between ownership structure and FP.

2.2 Theoretical Review

This study is anchored on agency theory, which was formulated by Jensen and Meckling in 1976. Agency theory characterizes members of business management as agents tasked with serving the interests of shareholders. The theory posits that ownership is separated from control, creating potential conflicts between principals (shareholders) and agents (Olagunju *et al.*, 2021). When agents fail to act in the shareholders' best interests, it leads to conflicts of interest. To mitigate agency problems, managers are often allocated a portion of the firm's shares, preventing them from making decisions contrary to shareholders' interests. Kaluarachchi *et al.* (2021) underscored that the positive connection between leverage and financial performance aligns with the agency theory perspective, as agency costs in the form of tax shields contribute to maximizing profits (Andersson and Minnema, 2018). However, agency theory faces criticism on several fronts, with one major critique coming from Perrow (1986), who argues that agency scholars focus predominantly on the agent side of the 'principal and agent problem,' neglecting the principal side.

2.3 Empirical Review

Leverage and profitability

Daruwala (2023) investigated the influence of financial leverage (FL) on the profitability (PROF) of 13 prominent cement companies selected from various countries, including Switzerland, Ireland, Mexico, Alabama US, Brazil, Texas, India, China, North Carolina, and Colorado. The study, conducted from 2012 to 2018, employed panel regression for data analysis. The findings indicated a significant inverse connection between FL and PROF in the global cement industry. Additionally, the study revealed that not all profit measures for the countries were influenced in the same manner.

Matsoma (2022) conducted a review of the association between leverage (LEV) and profitability (PROF) for 21 South African firms over the period 2011-2019. Using generalized methods of moments, their study analyzed the connection between FL and PROF. The outcomes revealed a negative impact of FL on PROF. Moreover, other variables such as liquidity, growth opportunities, and firm size also exhibited a negative influence on profitability.

Senan *et al.* (2021) conducted a review of the link between financial leverage (FL) and the financial performance (FP) of selected listed Indian companies on the Bombay Stock Exchange. The study sampled 1,333 companies over a 12-year period from 2007 to 2018. Generalized Moment Methods (GMM) estimation and correlation analysis were utilized to analyze the gathered data. The outcomes indicated that financial performance significantly influence leverage. Moreover, the study discovered that FL has a noteworthy effect on liquidity.

Ownership Structure and Profitability

Kirimi *et al.* (2022) explored the effect of ownership structure (OWS) on the financial performance (FP) of 39 commercial banks in Kenya, spanning the years 2009-2020. The results of their regression analysis indicated that state, foreign, and institutional ownership exhibit a negative association with FP.

Zandi *et al.* (2020) explored the connection between ownership structure (OWS) and firm performance (FP) for 200 Malaysian companies over the period 2011-2015. Regression and correlation analyses were employed for data analysis, revealing a positive and noteworthy connection between OWS and FP.

Ali and Shah (2015) assessed the interplay between leverage, ownership structure, and financial performance for firms quoted on the Karachi Stock Exchange. Their study, covering 355 firms from 2003 to 2008, showed a substantial connection between OWS and Tobin Q. However, ownership structure exhibited an insignificant relationship with accounting-based performance measures. The study also found that leverage does not moderate the connection between OWS and FP.

3.0 Methodology

This research employed a causal research design, focusing on a population of 21 Nigeria consumer goods firms. Due to data unavailability for one out of the 21 firms, a purposive sample of 20 consumer goods firms was selected from this population. The study spanned a period of 9 years, specifically from 2013 to 2021. Descriptive and inferential statistics, including correlation analysis and panel regression analysis, were utilized to analyze the gathered data for this study.

3.1 Measurement of Variables

The dependent variable financial performance used in this study was proxy by ROE measured as total equity/earnings after interest and taxes. The independent variable leverage was expressed as total debt/total equity whereas the proxy for ownership structure are managerial ownership expressed as the % of shares held by managerial directors/total shareholdings, foreign ownership was measured as the % of foreign owners/total number of shareholdings, also institutional ownership was expressed as the % of share hold by institutions. The control variables used in this study is firm size expressed as the natural log of total assets.

3.2 Model Specification

To empirically explore the connection between leverage and ownership structure on the financial performance of Nigerian listed consumer goods firms, the following econometric model is used.

$$ROE = f(LEV, MOW, INO, FOW, FSZ) \quad \text{..... (1)}$$

$$ROE_{it} = \delta_0 + \delta_1 LEV_{it} + \delta_2 MOW_{it} + \delta_3 INO_{it} + \delta_4 FOW_{it} + \delta_4 FSZ_{it} + \varepsilon \quad \text{..... (2)}$$

Where:

ROE = Return on Equity

LEV = Leverage

MOW = Managerial Ownership

INO = Institutional Ownership

FOW = Foreign Ownership

FSZ = Firm Size

δ_0- δ_4 = Parameters of thee regression Coefficient

ε = Error terms

4.0 Results and Discussion

4.1: Descriptive Statistics

Table 4.1. Descriptive Statistics Result

	ROE	LEV	INOW	MGO	FROW	FS
Mean	0.464	0.6364	57.006	7.4077	0.8398	7.5401
Median	0.2357	0.5748	60	1.5718	1	7.593
Maximum	8.1201	8.1201	86	66.079	8.12	10.130
Minimum	-0.1983	-12.551	8.016	0.0065	0	5.5066
Medium	-0.1983	-12.5505	8.0157	0.0065	0	5.5066
Stand Dev.	0.9335	1.390	19.197	12.017	0.8789	0.8218
Skewness	6.452	-3.222	-0.8186	2.1482	6.0270	0.3048
Kurtosis	50.8276	55.2667	2.777	7.6456	51.607	4.2888
N	180	180	180	180	180	180

Source: Researcher's Computation (2024)

The descriptive statistics results show that ROE has an average value of 0.464, a median of 0.236, a max. of 8.120, and a min. of -0.198. In terms of the independent variables, LEV and INOW have mean, median, max., and min. values of 0.636, 0.575, 8.12, and -0.198, respectively. The max. and min. values for MGO and FROW were found to be (66.079, 0.0065) and (8.12, 0) respectively. Meanwhile, their mean and median values are (7.4077, 0.8398) and (1.571, 1) respectively. The control variable FS has mean, median, max., and min. values of (7.5401, 7.593, 10.130, 5.5066) respectively. All variables in the study exhibited positive skewness, indicating right-skewed distributions. Furthermore, kurtosis analysis revealed that none of the variables displayed a platykurtic distribution and their kurtosis values is more than three, except for INOW, which had a value lesser than three.

4.2 Correlation Analysis

Table 4.2: Correlation and test of Multi-collinearity

	ROE	LEV	INOW	MGO	FROW	FS	VIF	1/VIF
ROE	1.000							
LEV	-0.2062	1.000					1.43	0.577
INOW	-0.4176	0.3934	1.000				1.72	0.580
MGO	0.0547	-0.1185	-0.3757	1.000			1.61	0.620
FROW	0.1152	-0.1705	-0.0795	-0.6009	1.000		1.73	0.701
FS	-0.0937	0.4143	0.2838	-0.1440	0.0354	1.000	1.37	0.730

Source: Researcher's Computation (2024)

The correlation analysis table's results indicated a weak positive association among MGO, and FROW in the selected Nigerian consumer goods firms, with coefficient values of 0.054 for MGO, 0.115 and for FROW. Conversely, LEV, INOW and FS exhibited a weak negative correlation with ROE. The VIF values in the table, ranging from 1.37 to 1.73, confirm the nonexistence of multicollinearity among the factors

under study. This suggests that there is no substantial multicollinearity between the explanatory variables, allowing for the isolation of each variable's impact in the regression equation.

Table 4.3: Model Regression Diagnostic and Specification Test Results

Test	P-value	Remarks
F-test	0.0000	Panel regression is preferred to pooled OLS
Breusch pagan Heteroscedasticity test	0.766	There is no heteroscedasticity

Source: Researcher's Computation (2024)

4.3 Panel Regression Result

Hypothesis: Leverage and ownership structure does not influence the financial performance of listed Nigeria consumer goods firms.

Table 4.4: Panel Regression

	Coeff.	Std. Err.	T-Stat.	Prob.
C	-0.839	0.4197	-2.00	0.045
LEV	-0.113	0.0311	-3.66	0.024
INOW	-0.0043	0.0028	-1.54	0.123
MGO	0.0194	0.0043	4.54	0.000
FROW	0.888	0.0617	14.66	0.000
FS	0.896	0.057	1.55	0.121
R-square	0.66			
Adj R-Squ.	0.65			
F-Statistics	68.08			
Prob>F	0.0000			

Source: Researcher's Computation (2024)

The results from the hypothesis tests reveal that the R-square value is 66%, indicating that 66% of the variation in ROE can be attributed to the leverage and ownership structure of the sampled Nigerian consumer goods firms, while the remaining 34% is influenced by unspecified factors. The analysis also show an F-statistic of 68.08 with a p-value of 0.0000, demonstrating the overall fitness of the model. The t-statistics for leverage is -3.66 with a p-value of 0.024, suggesting a significant relationship between leverage and the ROE of quoted Nigerian consumer goods companies. Conversely, ownership structure represented by INOW, MGO, and FROW has t-statistics and p-values of (-1.54, 4.54, 4.66) and (0.123, 0.000, 0.000) respectively. This implies that both MGO and FROW have a positive and noteworthy connection with the ROE of the carefully chosen listed consumer goods firms. However, INOW exhibited a negative non-significant connection with ROE in the selected consumer goods companies. Additionally, the FS of the listed consumer goods firms also does not have a noteworthy effect on ROE, as specified by the t-statistic and p-value of (1.55, 0.121) respectively. The decision made in the hypothesis tested revealed that

leverage and ownership structure have significant effect on the financial performance of the selected quoted Nigeria consumer goods firms.

4.4 Discussion of Findings

Ownership structure is a significant tool widely employed to enhance performance in global firms, while leverage adds value to organizations through the interest tax shield provided by corporate tax incentives. This study delved into the influence of leverage and ownership structure on the financial performance of Nigerian quoted consumer goods firms. The findings revealed a substantial effect of both leverage and ownership structure on the financial performance of these firms in Nigeria. Among the ownership structure proxies, institutional ownership showed a negative non-significant connection with ROE. Leverage was found to have a negative noteworthy influence on the ROE of listed Nigerian consumer goods firms. This aligns with the trade-off theory, predicting a negative connection between leverage and financial performance. The study discovered that higher leverage can make a firm vulnerable to losing market share, market value, and overall financial performance. Increased leverage also tends to raise interest payments, leading to a reduction in profit. This finding is supported by the works of Saleh and Elfina (2022) and others who emphasized the risks associated with high leverage. While some studies corroborated these findings, others like Rafiuddin and Rafiqul (2020), Senan *et al.* (2021) suggested a positive connection between leverage and FP.

However, the results of this study also indicated that managerial ownership and foreign ownership exert a positive and significant influence on the financial performance of the selected listed consumer goods firms in Nigeria. This suggested that higher managerial and foreign ownership structures contribute to better firm performance, as affirmed by Ali (2022), stating that ownership structure affect profitability and serves as a corporate governance tool, ensuring the well-being of shareholders. Olagunju *et al.* (2021) further noted that allocating shares to managers motivates them, enhancing their effort levels and improving firm financial performance. In a similar vein, Al-jaifi (2017) revealed in his study that FROW acts as a crucial observation tools used to safeguard and enhance shareholders' wealth and firms profit. Studies by Zandi *et al.* (2020) and Kotey *et al.* (2019) validated these findings, highlighting the positive and significant impact of managerial and foreign ownership on firms' financial performance. Conversely, studies by Abosede and Kajola (2011), Ali (2022), and Kirimi *et al.* (2021) reported a negative and significant effect on the connection between managerial, foreign ownership structures, and financial performance. Meanwhile, Do and Wu (2014) found no noteworthy connection between OWS and FP.

Also, institutional ownership was observed to have a non-significant impact on the FP of the selected quoted consumer goods firms in Nigeria. This implies that the existence of institutional investors in a firm's OWS does not necessarily enhance the FP of the firms. Consistent with this study, AL-Najjar (2015) reported in his study that INOW has no effect on FP. The findings of Kirimi *et al.* (2022) and Abosede and Kajola (2011) contradict the outcomes of this research work, revealing that institutional investors have an adverse noteworthy influence on firm financial performance, while Ali (2022), Zandi *et al.* (2020), and Kotey *et al.* (2019) indicated a positive noteworthy connection between INOW and FP. As for the control variable, firm size (FS) also exhibited a non-significant connection with ROE. This result contrasts with the

findings of Abosede and Kajola (2011), Kotey *et al.* (2019), and Zandi *et al.* (2020), all of whom found FS to have a noteworthy connection with FP.

5.0 Conclusion and Recommendation

5.1 Summary

The influence of ownership structure and leverage on financial performance holds significant importance. Leverage adds value to an organization through the interest tax shield provided by most governments. Additionally, the ownership structure of a company plays a crucial role in cost control and decision making (Kirimi *et al.* 2022). This study delved into the influence of leverage and ownership structure on the financial performance of quoted Nigerian consumer goods firms. The findings underscored that both leverage and ownership structure serve as effective tools for enhancing a firm's financial performance.

5.2 Conclusion

Therefore, the study concludes that leveraging and establishing a well-structured ownership model tend to contribute positively to firm financial performance. Leverage and Ownership structure have a notable influence on firms' financial performance.

5.3 Recommendations

The recommendations from this research include advising firms to judiciously use appropriate leverage to meet both long-term and short-term needs. The firms should also apply caution in the use of leverage, as excessive leverage can heighten the risk of financial distress, particularly during economic downturns. Given the pivotal role of ownership structure in decision-making and cost control, the study suggests that firms should compose their ownership structure with skilled and experienced individuals to assist in achieving organizational objectives. Furthermore, emphasis on improving foreign and managerial ownership structures is encouraged, as they exhibit a considerable potential to reduce costs and, consequently, enhance overall financial performance.

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