Ownership Structure and Financial Performance of Quoted Building Materials Firms in Nigeria

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***Abstract:-*Various studies on Ownership structure and firm's financial performance have been conducted in different parts of the globe with different findings that are mixed and inconclusive and in Nigeria, studies conducted in this area are mostly focused on the financial sector which is a gap that needs to be filled. This study fills the gap by examining the impact of ownership structure on financial performance of quoted building material firms in Nigeria. The population of the study consists of six (6) firms quoted on the Nigerian stock exchange as at 31st December 2016 out of which four (4) firms were selected using two criteria as the sampling technique which are Cement Company that made available their annual report of thirteen (13) years and Cement Company quoted on the Nigerian stock exchange before 2004. The study uses multiple regressions as a tool for analysis. The study reveals that institutional ownership, managerial ownership and ownership concentration showed a positive significant impact on financial performance of building materials firms in Nigeria.The study concludes that ownership structure affects financial performance of building materials firms in Nigeria and therefore recommends that Security and Exchange Commission should encourage more potential managers, Institutional shareholders, concentrated owners to invest in long term investment in building materials industry as both managers, Institutional shareholders and concentrated owners enhances financial performance of building materials firms in Nigeria.**

***Keywords:* Ownership structure, Managerial ownership, Institutional ownership, Ownership concentration and financial performance.**

I. INTRODUCTION

Ownership structure forms effects on financial performance of firms have been of particular research interest in the literature of corporate finance. Generally, interest of managers and shareholders are not aligned which result to problems that reduce a firm's value and financial performance (Tatiana &Stela, 2013). Shareholders are always regarded as the corporate owners, while directors are agents or representatives of shareholders who are supposed to allocate business resources in a way to increase their wealth (Benjamin, Love and Kabiru 2014).Beni and Alexander (1999) found that owner-managers firms are more efficient than non-owner managers firms because owner-managers have stakes in the firm while non-owner managed firms are less efficient because they seek after their own personal interests at the expense of other shareholders.

The relationship between managerial ownership and firm financial performance can be described in two ways. First, managers who own shares in the company performs better than non-manager owners who seek after their personal benefits without taking into consideration the concentration and institutional owners. Secondly, as managers' equity ownership further increases, the efficiency of the managers is improved as they are involved in the day to day activities of the company which in turn increase the performance of the company(Beyer *et al* 2011).The relationship between institutional ownership and firm financial performance is the fact that institutional owners have greater incentive to monitor managers because of the substantial number of shares invested by them in the company. Also, large institutional owners have the opportunity, resources, and ability to monitor, discipline, and influence managers. This corporate monitoring by institutional owners can result in managers focusing more on corporate performance and less on opportunistic or self-serving behavior (Edmans and Manso, 2010).Ownership concentration is related to firm financial performance due to the fact that traditional theories argued thatwhen ownership of a firm is concentrated in the hand of large shareholders, they have incentive to monitor the managers' action through direct intervention to reduce agency problem (Chen & Swan, 2010). Also, in the studies of diversification strategy, it was found that ownership concentration enhances corporate diversification and performance of a firm because it constitutes the largest investment in a corporate firm (Genc and Angelo 2012).

There are several studies conducted on ownership structure and firms' financial performance in developed economies like the United States, Taiwan, Russia, and France. The results and the conclusions arrived from these studies were influenced because every industry in the economy has its own inherent attributes which could have a significant impact on its results and conclusions. However, this study focuses on the manufacturing sector specifically the building material industry in Nigeria so as to get a better picture of the impact ofthe independent variables (managerial ownership, institutional ownership and ownership concentration) on the dependent variable (Return on Equity).For the purpose of this study, the objectives are; to determine the extent to which managerial ownership significantly impact on financial performance of quoted building materials firms in Nigeria, to determine the extent to which institutional ownership significantly impact on financial performance of quoted

building materials firms in Nigeria and to determine the extent to which ownership concentration significantly impact on financial performance of quoted building materials firms in Nigeria.

In line with the objectives, three Null Hypotheses are formulated as; $\mathbf{H_{O1}}$**:** Managerial ownership has no significant impact on financial performance of quoted building materials firms in Nigeria. $\mathbf{H_{O2}}$: Institutional ownership has no significant impact on financial performance of quoted building materials firms in Nigeria. $\mathbf{H_{O3}}$: Ownership concentration has no significant impact on financial performance of quoted building materials firms in Nigeria.

In Nigeria, there are studies that have been conducted on ownership structure and firm performance which include studies of Ogbulu and Francis (2007);Ioraver and Wilson (2011); and Uwalomwa andOlamide (2012). These studies concentrated on the financial sector which constitutes service-oriented firms. The service firms are customer satisfaction oriented while the manufacturing firms are production oriented. This is the gap the study wants to fill. To this point, the study addressed the gap by looking at the manufacturing sector specifically the building material firms to see if its findings are different from the financial sector. However, this study also took into consideration multicollinearity.This study to this end basically seeks to investigate precisely whether or not ownership structure impact on financial performance of Quoted Building Materials firms in Nigeria.

II. LITERATURE REVIEW

There are several theories that explain the relationship between ownership structure and firm'sfinancial performance in the literature of accounting. But only three theories are related to the study namely shareholders theory, opportunistic theory and agency theory.

Shareholder Theory believes that businesses do not have any moral obligations or social responsibilities at all, other than to maximize their own profit. Shareholders are those individuals and organizations who own a business, or a part of a business. For instance, they might own shares of stock in a business. As owners, the shareholders of a business have employed certain managers to run their company for them and there is one goal that they have set for these managers to achieve which is Profit. Therefore, the primary purpose of a business is to make profit. If a business does not make profit, it inevitably fails (Friedman (n.d)).

Opportunistic theory is a theory that exhibits the behavior of managers' seeking their personal interest manifested in the form of stealing, cheating, dishonesty and withholding information. This opportunistic behavior negatively affects firm financial performance which makes other shareholders monitor the managers in order for them not to exhibit such behavior since they have more shares in the firm than managers (Glenn,2007).

The Agency theory view managers as the agent of the shareholders and therefore there is a need for them to act in the best interest of the shareholders. In this situation the agent sometime may not act in the best interest of the shareholders which result to an agency cost situation. The agency theory stresses the separation of ownership (principal) and managers (agent) in an organization, therefore it is believed that managers may sometime pursue opportunistic behavior which may conflict the goal of the owners (principals) and therefore destroy the wealth of the shareholders. Advocates of the agency theory viewed the manager (directors) as an agent to the shareholders that mitigateconflicts and serves as the guardian to shareholders since they are involved in the day to day activities of the firm. (Hermalin and Weisbach 2000, Fama and Jessen 1988).

This study adopts agency theory because of its relevance in resolving conflict that may arise between managers (agent)and shareholders (principal) of the companies which captures the relationship between three independent variables(managerial, institutional ownership and ownership concentration) of the study and the dependent variable (Return on Equity). This conflict of interest can be resolved when managers (agents) are encouraged through; performance-based incentive plans, direct intervention by shareholders, the threat of been fired by owners and the threat of takeover.

Ownership Structure and Firm Financial performance

Wang (2003) examined the relationship between ownership structure and firm's financial performance in Taiwan. The study classified ownership into three categories (managerial owners, institutional owners and the control group) for listed manufacturing firms in Taiwan. He used piecewise and the Granger causality to test relationships between ownership structure and firm's financial performance. His findings showed that a positive relationship exist between institutional ownership and firm's financial performance and a negative relationship between managerial ownership and firm financial performance.

Francis and Ogbulu (2007) investigated to find out whether the ownership structure of Nigerian firms results in systematic variations in theirfinancial performance. The population of their study consisted of companies quoted on the Nigerian stock exchange as at 31st December, 2006, while their sample size was chosen based on the criterion of companies whose data were available on their financials. They used cross sectional survey research design and purposive sampling technique to select their sample size. Their findings showed a negative significant relationship between insider (managerial) ownership and firm's financial performance and a significant positive relationship between outsider (institutional) ownership and firm performance.

Alipour and Amjadi (2011) examined the effect of Ownership Structure on Corporate Financial Performance of Listed Companies in Iran.Their study hypotheses were based on the type of relationship between ownership structure and

corporate performance. To test each hypothesis, four models were used on dependent variables. The sample consisted of 68 companies from 2006 to 2010. Panel data Statistical method was used for the study. Their Findings indicated that there is significant negative relationship between the amount of ownership with biggest shareholder and firm performance, a positive significant relationship between the amount of ownership of five greater shareholders and firm'sfinancial performance and a significant negative relationship between the amount of ownership of institutional shareholders and the amount of ownership of managerial shareholders and the amount of ownership of individual shareholders.

Ioraver and Wilson (2011) examined the relationship between ownership structure andfinancial performance of listed companies in Nigeria. The sample of their study consisted of 73 companies listed on the Nigerian Stock Exchange covering the period 2001 to 2007. They used Ordinary Least Squares (OLS) for their analysis. The results of their study showed that dominant shareholding, concentrated ownership, and foreign ownership structures have no significant effect on firm financial performance while insider ownership was inversely related to firm financial performance.

Wahla*et.al.* (2012) analysed the relationship of Ownership Structure and Firm Financial Performance in listed non-financial companies in Pakistan for the period 2008 to 2010. Ownership Structure was represented by Managerial Ownership and Ownership Concentration and Tobin's Q was used as a proxy for Firm Performance. Panel Data Technique was employed to foresee the significant relationship among the variables. The findings of the study showed that managerial ownership has a significant negative relationship with firm financial performance, while ownership concentration showed insignificant relationship with firm financial performance.

Uwalomwa and Olamide (2012) examined the relationship between ownership structure and the financial performance of listed firms in the financial sector of the Nigerian economy. The population for their study comprised of all listed firms in the financial sector of the Nigerian economy as at 31 December 2010. The selected sample size for their study included listed firms in the financial sector of the economy which summed up to 31firms. The multivariate multiple regression analysis method was used to test the research propositions. The findings of study showed that institutional ownership has a significant positive impact on the performance of the selected listed firms in Nigeria and a significant positive relationship between foreign ownership and the firmfinancial performance in Nigeria.

Benjamin, love and Kabiru (2014) examined the impact of ownership structure on the financial performance of listed insurance firms in Nigeria. The study used panel data for seventeen (17) firms for the period 2001 – 2010 (10 years). The study focused on two aspects of ownership structure: namely managerial and institutional shareholding. Firm'sfinancial performance was measured through Return on Asset (ROA) and Return on Equity (ROE). Findings indicate that there is a positive significant relationship between ownership structure and firm's performance as measured by ROA and ROE. This paper recommends that the code on owner's equity of listed insurance companies should be sustained and encouraged so that the firms can have a perpetual life, because the stake of this owners could serve as a check and balance mechanism to further strengthen the corporate governance of the insurance firms in order to give room for enhanced financial performance of the listed insurance companies in Nigeria.

Managerial Ownership and Firm Financial performance

Kim, Pattanaporn and John (2002) explored the relationship between managerial ownership and the change in firm performance. They investigated operating performance of 133 Post - (Initial Public Offer) IPO that go public in Thailand. Their findings showed that firms with 'low' and 'high' levels of managerial ownership experience positive relationships between managerial ownership and the change in performance.

Cheung, Fung and Tsai (2008) examined the impacts of Managerial and Institutional Ownerships on Firm Performance in USA. Their study provided new perspective on relationship between managerial and institutional ownerships and firm performance. Their study used sample of 49,907 US firms from NYSE, AMEX, and NASDAQ from 1989 to 2006. The findings of their study showed that managerial ownership which controlled for internal governance had strong positive effect compared to institutional ownership which reflected external monitoring, had a weaker positive effect and finally, the interaction between managerial ownership and institutional ownership had a significant positive impact on firm performance and synergistic effects of internal and external corporate governance mechanisms in improving firm value.

Din and Javid (2011) examined the impact of managerial ownership on the firm's performance and financial policies in the context of Pakistani market for sixty non-financial firms for the period of 2000 to 2007. Their analysis supported that the concentration of managerial ownership affects firm financial policies, mainly the leverage and dividend policies. Their empirical analysis found out that leverage policy variable influenced managerial ownership negatively, supporting that the lower leverage level leads to high profitability firms engage in low managers' ownership. The result also determined a negative and significant association among the managerial ownership concentration and dividend policy of the firms.

Institutional Ownership and Firm Financial performance

Henry and Zheng (2007) examined the impact of institutional ownership on firm performance in the restaurant industry during the period 1999 to 2003. After considering the endogeneity of ownership structure, the result of their findings showed that there was a significant and positive relationship

between institutional ownership and firm performance measured by proxy Tobin Q.

Jianguo and Dar-Hsin (2007) investigated the relationship between the institutional ownership and corporate performance of New Zealand non-financial companies. They found out that total number of institutional ownership in New Zealand increased the firm values as measured by Tobin's Q and operational return on equity and the top institution's share ratio is negatively related to the firm value measures. They also found out that institutional investors can make a positive contribution by cost-effective monitoring management's behavior.

Per-Olof *etal.* (2007) examined the relationship between iinstitutional owners and firm Performance of Swedish listed firms from an investment performance perspective. They used marginal q to measure investment performance and Marginal q was the ratio of the return on investments to the cost of capital. They found out that institutional owners positively influence the performance of firms.

Prasad and Michael (2007) examined the relationship between the different classes of institutional investors and firm performance. They segmented the institutional investors into classes and recognized the joint determination of firm performance and institutional ownership. Three stages least square was used for their analysis. The result of their study showed that institutional investors with likely investment and business ties with firms have negative effect on firm performance.

Jean and Hidaya (2010) examined the relationship between institutional ownership and firm performance. They proposed a new typology of institutional investors based on their behaviors (active or passive) and the principal factors that may influence them. Their sample consisted of 121 French firms for the period 2006-2008 and using panel data. Globally, their results showed a positive impact of institutional owners' activities on firm performance. Specially, they confirmed that the effects of institutional owners on firm performance depend on their behaviors and that institutional active behavior is more apparent with the grouping of its influential factors. They also found out that the relationship between institutional ownership and firm performance was bilateral.

Charfeddine and Abdelaziz (2011) examined the relationship between institutional ownership and firm performance for 35 companies listed on the French Financial Market from 2002 to 2005. The result of their findings showed that there was a significant negative relationship between institutional ownership and firm performance measured by a proxy Tobin's.

Ownership concentration and Firm Financial performance

Reuben and Narine (2004) examined the impact of managerial shareholding and shareholder concentration on the performance of Armenian companies. The company's operation was evaluated by tree-factor model where the company operation index was determined by labor resources and investment amount, as well as with some vector of variables characterizing the structure of property. They found out that ownership concentration had no significant impact on performance of Armenian companies. Lina*et. al.* (2013) examined the relationship between ownership concentration and company performance using pooled data for Jordanian non-financial listed companies over the time period from 1994 to 2005. Their results showed that ownership concentration had no significant effect on firm's performance when it was measured by accounting measures but had a significant effect on the largest managerial block-holder when using market measure of firm's performance.

Kamran *et.al.* (2012) examined the in-depth relationship between ownership structure and performance. They used panel data of 100 nonfinancial firms listed in Karachi stock exchange with a sample size of 600, from 2005 to 2010. Concentrated ownership was negatively correlated with market performance and positively correlated with both the indicators of financial performance.

Pınar, Mandaci, Guluzar and Kurt (2008) examined the effects of ownership concentration and managerial ownership on the performance of non-financial firms listed on the Istanbul Stock Exchange in the context of an emerging market. They measured the firm's performance by Return on Assets (ROA) and Tobin's Q ratios.After controlling for investment intensity, leverage, growth and size, they found out that ownership concentration has a significantly positive effect on both firm performance measured by Return on Asset and Tobin's Q ratios.

III. METHODOLOGY

This research adoptedcorrelation research design and it was considered adequate and appropriate for this study because it describes the statistical relationship between independent variables of the study (managerialownership, institutional ownership and ownership concentration) and the dependent variable (Return on Equity). The population consists of all six building materials manufacturing firms quoted on the Nigerian Stock Exchange as at 31st December 2016 and covered a period of thirteenyears (2004-2016). Two criteriasampling technique was employed to select the sample which are: Cement Companies that made available their annual report of thirteen (13) years on the Nigerian stock exchange and Fact Book and Cement Companies quoted on the Nigerian Stock Exchange before 2004.In line with this, the sample size is four (4) building material firms which are Ashaka Cement Plc, Dangote cement Plc, LafargeWapco cement Nigeria Plc and Cement Company of Northern Nigeria and the firms excluded are Elephant cement plc and Ibeto cement plc.

The study employed panel data using statistical package for social sciences (SPSS 25) andOrdinary Least Square (OLS) method adopted in this study is a parametric statistical test that is based on a number of assumptions, the violation of

which could affect the reliability of the results. The Pearson correlation and t-test statistics was used for inferential analysis. Two of the most commonly encountered problems addressed in this study relate to normal distribution of the variables andmulticollinearity of the independent variables. Descriptive statistics was used to test for normality using specifically the Z kurtosis and Z skewnessand Tolerance value and variance Inflation factor was employed for the test of multicollinearity.

Model Specification

The model below is used to test the null hypotheses formulated for the study. The null Hypotheses are tested considering the results for the P-values at 1%, 5% and 10% level of significance. The first model is the functional model from which the second model Ordinary Least Square (OLS) was derived that is firm performance model.

$$ROE = f(\text{MANOWN}, \text{INSTOWN}, \text{OWNCON})$$

$$ROE = \beta_0 + \beta_1\text{MANOWN} + \beta_2\text{INSTOWN} + \beta_3\text{OWNCON} + \mu_t$$

Where each of the variables is explained on the table below:

DEFINITION OF VARIABLES IN THE MODEL

Variable	Specification	Measurement
Managerial ownership	MANOWN	Percentage of shares held by directors which was measured by Ram and Carmela 1998 and Khalil Syed and Zahid 2012.
Institutional ownership	INSTOWN	Percentage of shares held by institutional investors which was measured by Gordon and Edward 2006.
Ownership Concentration	OWNCON	Percentage of shares held by controlling shareholders which was measured by Fazlzadeh*et. al* 2011.
Firm Size	FSIZE	Natural log of the total assets which was measured by Bala, Darryl and Mathew 2005 as a control variable
Leverage	LEV	Total liabilities / Total assets which was measured by Olokoyo, 2012 as a control variable
Return on Equity	ROE	Net profit after tax / equity in book value which was measured by Eric 2011 and Shah *et. al.* 2011.
β_0	the intercept	
μ_t	error term	

Source: Author Compilation

Variable Measurement

For the purpose of this study, the following independent variables was used; managerial ownership, Institutional ownership and ownership concentration. The dependent variable is ROE (Return on Equity) and the control variables used for the study are firm size and leverage. The table below shows the measurement:

DESCRIPTION OF VARIABLE MEASUREMENT

Variable	Specification	Measurement
Managerial ownership	MANOWN	Number of shares owned by Directors / Number of issued ordinary shares
Institutional ownership	INSTOWN	Number of shares owned by institutional investors / Number of issued ordinary shares
Ownership Concentration	OWNCON	Number of shares owned by controlling shareholders / Number of issued ordinary shares
Firm Size	FSIZE	Natural log of the total assets which was measured as a control variable
Leverage	LEV	Total liabilities / Total assets which was measured as a control variable
Return on Equity	ROE	Net profit after tax / equity in book value
A	the intercept	
ϵ_i	error term	

Data Presentation

This part presents the results of the descriptive statistics and regression results on the impact of ownership structure on financial performance of building material firms in Nigeria. Three explanatory variables and two control variables are employed for the purpose of explaining and predicting the impact of ownership structure on financial performance of building material firms in Nigeria.

Test of Normality

The normality tests are supplementary to the graphicalassessment of normality. For this study, Z skewness and Z Kurtosis are used to test for normality of the three-independent variable; namely managerial ownership, institutional ownership andownership concentration, The Z skewness was computed as skewness divided by standard error of skewness and the Z kurtosis was computed as kurtosis divided by standard error of kurtosis.

Table 4.2.1 shows the skewness, kurtosis and Z skewness and Z kurtosis.

Descriptive Statistics Table for the Variables

Variables	Skewness	Standard Error	Z Skewness	Kurtosis	Standard Error	Z Kurtosis
MANOWN	-.250	.330	0.758	.781	.650	1.202
INTSOWN	1.119	.330	3.391	.419	.650	0.645
OWNCON	1.648	.330	4.994	4.968	.650	7.643

The table above shows the normality test for managerial ownership, institutional ownership and ownership concentration.

In small samples like that of this study which the number of observations is 52, values of Z skewness and Z kurtosis greater or lesser than1.96 are sufficient to establish normality of the data. The results of Skewnessfor managerial ownership, institutional ownership, ownership concentration are0.250, 1.119 and 1.648 respectively. The Z skewness of managerial ownership is 0.758 which is less than 1.96 shows that the data is normal which indicates that the data for managerial ownership relates linearly to the dependent variable (Return on Equity).The Z skewness of institutional ownership is 3.391 which is greater than 1.96 shows that the data is normal which indicates that the data for institutional ownership relates linearly to the dependent variable (Return on Equity) while ownership concentration is 4.994 which is greater than 1.96 shows that the data is normal which reveals that the data for ownership concentration relates linearly to the dependent variable (Return on Equity).The results of the Kurtosis for managerial ownership, institutional ownership, ownership concentration are 0.781, 0.419 and 4.968 respectively. The Z kurtosis of managerial ownership and institutional ownership are 1.202 and 0.645 respectively shows that the data for the two independent variables namely managerial ownership and institutional ownership are less than 1.96 and therefore, are normal which indicates that the data for managerial ownership, institutional ownership relates linearly to the dependent variable (Return on Equity). On the other hand, the result of kurtosis of ownership concentrationis 4.968 and the Z kurtosis is 7.643 which is greater than 1.96 and therefore is normal which shows that ownership concentration relates linearly to the dependent variable (Return on Equity).(Ghasemi and Zahediasl 2012).

Model fitness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.738[a]	.545	.495	.22476	2.487

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.781	5	.556	11.012	.000[b]
	Residual	2.324	46	.051		
	Total	5.105	51			

The tables above show the overall fitness of the model. Source: Spss 25

The Model summary and ANOVA tables explains the total impact of the independent variables put together on the dependent variable up to (74%).This shows a strong positive relationship as indicated by the R valueand the remaining (26%) are controlled by other factors. The coefficient of determination R^2 (55%) means that 55 percent of the variation in ownership structure is explained by the performance of quoted building materials firms. Adjusted R^2 is (50%). The F-statistic has a value of (11.012) and is significant at 1% which implies that the model is fit because it is significant at all levels of significant. Durbin Watson of (2.487) shows that there is no problem of autocorrelation in the data set.

OLS Regression Results

Variables	Coefficient.	Tolerance	VIF	T-value	P-Value
Constant	.096			0.948	0.348
MOWN	0.038	0.353	2.836	3.511	0.001
INOWN	0.188	0.577	1.734	4.339	0.000
OWCO	0.206	0.297	3.364	-2.379	.022
LEV	.220	0.298	3.361	1.884	.066
FSIZE	0.023	0.181	5.521	2.548	.014

This table shows the effect of managerial, institutional and ownership concentration on the return on equity.

The estimated equation of the study is presented as follows:

ROE = 0.096 + 0.038 (MGOWN) + 0.188(INOWN) +0.206(OWCON) + 0.220 (LEV) + 0.023 (FSIZE) +ϵ_i

The financial performance of firms measured by Return on Equity would be equal to 0.096 when all other variables are held to zero. A one unit change of managerial ownership and institutional ownership all other variables remain constant, would increase managerial ownership and institutional ownership by 0.038 and 0.188 respectively. On other hand, one unit change of ownership concentration, leverage and firm size all other variables remain constant, would increase ownership concentration by 0.206 and increase leverage and firm size by 0.22 and 0.023 respectively.

The three hypotheses tested as follows are:

H_{O1} Managerial ownership has no significant impact on financial performance of quoted building materials firms in Nigeria.

The regression result of the study shows that the beta coefficient in respect of managerial ownership is (0.038) and the t-value is (3.511). Managerial ownership's impact on Return on Equity is significant at 1% level of significant which means that managerial ownership has a positive significant impact on the financial performance of quoted building material firms in Nigeria. The implication of this is that, the higher the managerial ownership, the more the financial performance of the building material firms in Nigeria meaning that shareholders fund of building materials firms in Nigeria are utilised and saved from misappropriation because managerial owners are involved in the day to day running of the firms. This provides an evidence of rejecting hypothesis one stating that managerial ownership has no significant impact on performance of quoted building materials firms in Nigeria.

H_{O2}Institutional ownership has no significant impact on financial performance of quoted building materials firms in Nigeria.Again, in the case of institutional ownership, the beta coefficient of institutional ownership is (0.188) while the t-value is (4.339) and institutional ownership impact on Return on Equity at 1% level of significant which means that institutional ownership has positive significant impact on the financial performance of quoted building materials firms in Nigeria. It also shows that the monitoring by institutional owners has resulted to better financial performance as a result of minimal misappropriation of shareholders fund managed by managers in quoted building materials firms in Nigeria. The implication of this was that the more the institutional investor in Nigerian firms, the more the institutional shareholders interest are protected from managers' misappropriation of fund by managers in the building materials firms in Nigeria because institutional owners have incentive to monitor mangers in the firm. The result provides us with sufficient evidence of rejecting the null hypothesis two of the study that stated that Institutional ownership has no significant impact on financial performance of quoted building materials firms in Nigeria.

H_{O3} Ownership concentration has no significant impact on financial performance of quoted building materials firms in Nigeria.For ownership concentration, the beta coefficient is (0.206) and t-value is (-2.379) and ownership concentration impact on Return on Equity at 5% level of significant. The implication of this is that, the more the concentrated owners in the building materials firms in Nigeria, the more the financial performance of the building materials firms. This provides an evidence of rejecting hypothesis three stating that ownership concentration has no significant impact on financial performance of quoted building materials firms in Nigeria.

On the other hand, Tolerance value of managerial ownership, institutional ownership, ownership concentration are 0.353, 0.577 and 0.297respectively are not less than 0.10 shows absence of multicolinearity. Variance Inflation Factor of managerial ownership, institutional ownership, ownership concentration, leverage and firm size are 2.836, 1.734, 3.364respectively which are lesser than 10 which confirms the absence of multicolenearity (Gujarati 2004).

IV. RESULTS AND DISCUSSIONS

Managerial ownership has a positive significant impact on the financial performance of quoted building materials firms in Nigeria. This result shows that managers' in the building material firms have the tendency of improving financial performance of firms and the funds of the company are properly monitored and protected. This finding is in line with Cheung, Fung and Tsai (2008), Din and Javid (2011), Ioraver and Wilson (2011) and not in line withWang (2003), Francis and Ogbulu (2007), Alipour and Amjadi (2011) and Wahla*et al.* (2012).

It revealed that institutional ownership has a positive significant impact on financial performance of quoted building materials in Nigeria, and this is as a result of the fact that the institutional shareholders play a role of monitoring managers and protecting other shareholders funds in quoted building materials firms in Nigeria. The finding is in line with that of Wang (2003), Per-Olof*et.al* (2007), Jean and Hidaya (2010). The finding is not in line with Prasad and Micheal (2007), Charfeddine and Abdelaziz (2011).

Ownership concentration has a positive significant impact on financial performance of building material firms in Nigeria. The implication of this is that, concentrated owners in the building materials firms in Nigeria have impact on financial performance of firms in the building material industry. This finding is in line with Pinar*et.al.* (2008) and not in line with Reuben and Narine (2004)and Lina *et.al* (2013).

Policy Implication of the Findings

The findings in respect to each of the hypotheses considered in this study have many policy implications for regulatory bodies. The results of the study have shown the explanatory

variables that have important effect on the explained variable Return on Equity of quoted Building materials firms in Nigeria. From the area of regulatory authorities most especially SEC, these findings should aid in monitoring the activities of the firms so that agency problems between the shareholder and management will eventually be reduced.

The results showed that managerial ownership is an important variable that can be emphasized to show strong relationship between ownership structure and financial performance of the quoted building material firms in Nigeria. The relationship between the dependent (Return on Equity) and independent variable (managerial ownership) is positive and significant. The implication of this is that, the higher the managerial ownership, the lesser the tendency of managers to misappropriate fund. SEC should encourage managers to invest in the building material firms in Nigeria.

The result indicates that the institutional investors show a positive and significant impact on the performance of the building material firms. The implication of this finding is that the presence of the institutional ownership monitors the activities of the managers and therefore protects other shareholders funds. The outcome of the analysis also indicates that corporate monitoring by the institutional investors reduces agency problems in the building material firms.

The result revealed that ownership concentration has a positive significant impact on financial performance of building materials firms which indicates that the more concentrated owners in the building materials firms, the better the financial performance of the building materialsfirms.

V. CONCLUSIONS / FINDINGS

Firstly, Managerial ownership has positive significant impact on financial performance of building materials firms which means that the more managerial owners in the building material firms, the better the financial performance of the firms. For example, in Dangote cement plc, the presence of managerial owners shows enhanced financial performance through the high profit after tax reported in their annual report.

Secondly, Institutional ownership has a positive significant impact on financial performance of firms in the building material firms which show that the higher the number of institutional owners in the building material firms, the better the financial performance of the firms. For example, in Wapco cement plc, the presence of institutional owners shows enhanced financial performance through the high profit after tax reported in their annual report.

Thirdly, Ownership concentration has a positive significant impact on financial performance of building material firms which contradicts the reality which shows that the presence of concentrated owners enhances the financial performance of the building material firms in Nigeria.

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