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RESEARCH ARTICLE

Ownership Structure and Investment Decisions of Listed Consumer Goods Firms in Nigeria

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Abstract

The choice of investment is a critical decision every corporate organization is confronted with. This is because the outcome has the capacity to affect every aspect of an entity as a going concern. Ownership structure has been advanced as a control mechanism that determines the economic trajectory of a firm through its influence on the investment decisions made by firms. The study therefore empirically analyzed ownership structure dynamics on investment decisions of listed consumer goods firms in Nigeria. Data was garnered from the year end reports and accounts of the selected firms, validated by the relevant regulatory bodies. Inferential analysis via multiple regression was used as the mechanism for data examination. The findings revealed that ownership structure has significant effect on noncurrent assets to total assets ratio. (Adj R^2 *= 0.105; Wald* Chi^2 *(4,173) = 8.79 P =0.03 < 0.05). The study consequently prescribes that Government, regulators and policy makers should synergize to strengthen the governance frameworks of firms which will translate to efficient monitoring and oversight as well as an appreciation in long term investment intensity*.

Keywords: Consumer goods firms, corporate organizations, investment decisions, noncurrent assets to total assets ratio, ownership structure

JEL Classification: Y8

1. Introduction

All over the world, private and corporate investors are rational and careful when the issue of investment decision is put into critical consideration as investments are fraught with possibilities of various outcomes and uncertainties. In each investment decision, firms weigh the positives and the negatives of various options and alternatives that will guarantee desired opportunities (Afifa, Alsufy & Abdallah, 2020). Firms' investment decisions at the capital market, portfolio diversification and in new ventures are characterized by complexities and challenges that may portend adverse effects to firms if they are not strategically undertaken (Gavish, Qadan & Yagil, 2020; Zhou, 2020). The uncertainties with regards to investment decisions at firm level are attributable to the dynamic and unstable business environment. The 2008 global financial crisis, with its attendant huge market fluctuations, the traumatic and unprecedented COVID-19 pandemic amongst other events corroborate this fact.

Investment decisions at firm level have been viewed from diverse perspectives by various studies. For instance, Al-Absy, Ismail, Chandren and Al-Dubai (2020) stated that investment decisions are strategic, and since the fundamental essence of every business venture is to maximize shareholders wealth, returns on investment is paramount and forms a significant guiding benchmark when firms are making investment decisions. Consistent with this view, Dang, Nguyen and Tran (2020) opined that a possible reward package and potential yield resulting from an investment is crucial. Chintrakarn, Jiraporn and Kim (2018) submitted that it is essential for firms to know and clearly understand the possible risks inherent in every investment. This is nonnegotiable when investment decisions are being considered and as such, risk assessment and management peculiar to each investment opportunity must be diligently ascertained and properly understood ahead of time at the commencement of any investment. Some risk-averse firms and investors avoid investments full of uncertainties and doubts of the possible outcome, while others are driven by the belief that high risk investments, guarantee greater rewards (Devin, Ara & Jafari, 2019).

Endri and Fathony (2020) contended that one of the challenges of firms' investment decisions is information asymmetry as the varying aspirations of owners and managers creates undue apprehension and anxiety casting doubts on the honesty and loyalty of the management team. Gyampath, Boakye, Adaku and Famiyeh (2019) posited that some concerns of corporate organizations in making appropriate investment decisions include capital inadequacy and liquidity constraints. Apparently, under the paradigm of primary financial economics, corporate firms tend to be rational decision-makers and consider wealth maximization possibilities, however, Huynh (2020) argued that studies have been consistent in three problem considerations that influence investment decisions which are common amongst firms. First is the concern of wealth maximization and higher investment yields from such investment, next is the concern of liquidity and then the concern of risk minimization.

Ownership structure has been advanced to have the ability to exert monitoring influence on the investment decisions of firms. Sakaki, Jackson and Jory (2017) posited that ownership structure is directly correlated with effective and optimal investment decisions. The readiness of agents to improve their performance as a way of satisfying the owners' biddings is essentially significant in curtailing the divergent aspirations of shareholders and managers (Perez, Hurtado & Lopez, 2019). Some studies such as Ogbonnaya, Ekwe and Ihedinihu (2016); Wiredu, Ashun, Adu-Gyamfi and Adjei (2020) suggest that ownership structure is critical to firms' investment decisions because, the choice of shareholders, who are capital providers sometimes exerts an overwhelming influence on the manner in which the funds provided are put to use. Owners are major stakeholders of a firm and as such, have an overwhelming influence on the investment choices of a firm (Shahid, Nawaz & Ali, 2018). The study therefore empirically evaluated the nexus between ownership structure and investment decisions and consequently advanced recommendations.

Research Objective: Determine the effect of ownership structure on non-current assets to total assets ratio.

Research Question: What is the effect of ownership structure on non-current assets to total assets ratio?

Research Hypothesis: Ownership structure has no significant effect on non-current assets to total assets ratio.

2.0 Review of Literature

In this section, extant literatures are reviewed. The concepts of both the dependent and independent variables are explained, the underlying theory was reviewed and empirical review was also conducted.

2.1 Conceptual Review

2.1.1 Non-Current Assets

Assets represent the economic resources owned by an entity, tangible or intangible that are available for use for the purpose of generating revenue now or in the future (Saigeetha & Surulivel, 2017). While total assets depict the total value of all resources in monetary terms that belong to an organization, non-current assets are assets that have the features of lasting beyond one accounting period (Muhammad, 2015). According to Divya, Simram and Vartika (2017), every organization is likely to operate with current and non-current assets in its normal business engagements. In the financial statements, IAS-1 stipulates that companies must present clearly, a separate classification on the face of the financial reports, items of current and noncurrent assets.

According to IAS 1, assets should be deemed as current, if they possess the following features:

(i) They are expected to be realized, resold or expended within a company's operational routine.
(ii) They are held fundamentally for the purpose of resale within a one year time frame.

Non-current assets on the other hand are assets whose useful economic lives exceed one year. They comprise i) fixed assets and intangibles- patents, copyrights, licenses, trademarks, machinery, building e.tc The ratio of noncurrent assets to total assets evaluates a firm's total investment in noncurrent assets (fixed and intangible) in proportion to the overall worth of acquired assets.

2.1.2 Institutional Ownership

Institutional Ownership is defined as the percentage of shares owned by institutional investors from other companies in a particular company at a specific period of time (Alexander, 2019). This represents the total shares issued to institutional investors over the total number of shares issued by a company that are outstanding and ranking for dividends. The size of institutional investors largely depends on the reputation and high-performance profile of a company. The presence and dominance of institutional investors in a company has a strong influence on ethical practices and effective investment decisions of the company (Bajaj, Kashiramka & Singh, 2021). Institutional investors are not gamblers and do not stake in companies with low corporate profiles and unethical history of regulatory violators and repulsiveness to corporate governance best practices in the industry where they belong (Alom & Alom, 2013). Institutional ownership has a strong influence over corporate investment decisions, as the competence, skill and managerial antecedents of the management team seem to be among the most sort after in the industry.

2.1.3 Foreign Ownership

Foreign ownership is measured by the ratio of foreign investors who own shares in a company. Foreign ownership is depicted as investors who hold shares in a company who are not citizens of that country where the company is domiciled. Several studies have shown that foreign investors do have an influence on the financial performance of companies (Affan, Rosidi & Purwanti, 2017). According to Bajaj, Kashiramka and Singh (2021), foreign ownership encourages and strengthens corporate governance best practices and fair play in the treatment of labour and other stakeholders. In such companies, the legitimacy of their operations and cultural inclinations are never in doubt because of the involvement of foreign investors and in most situations, they are represented on the board for oversight monitoring functions. What really motivates foreign investors to make capital or equity investment in a company is the antecedents of good track performance of the company**.**

2.1.4 Government Ownership

Government ownership is predominant in organizations where the government holds a sizeable percentage of its shareholding. According to Affan, Rosidi and Purwanti (2017), government ownership depicts a shareholding structure, where the government of a country owns a certain percentage of shares floated by listed companies. Government ownership is not common, but in situations where products and services are of a sensitive nature and require a highly regulated establishment, government presence is seen (Alabdullah, 2018; Dakhlallh, Mohd, Rashid, Abdullah & Dakhlallh, 2019). Most companies where the government-owns shares were formally whole owned companies where the government at a later time decided to dilute the ownership by creating a public offer of share. In some other circumstances, the government decides to invite some investors, domestic or foreign investors take a stake and inject funds under joint ventures arrangement of outright associates or shareholding aimed at improving and expanding the operational base of the companies involved (Bataineh, 2021).

2.1.5 Managerial Ownership

Managerial ownership is defined as the percentage of shareholding in an organization owned by the directors and managers (Rashid, Muhammad & Muhammad, 2015; Saona, Muro & Alvarado, 2019). Sinnarajah (2020) contended that managerial ownership is the proportion of shares owned by the managerial cadre of a given corporate organization and their immediate and extended family members. Vu, Phan and Le (2018) revealed that the separation of ownership and its influence on investment decisions can be complex and challenging, as the managers may be more involved in the discretionary earnings practices, considering the amount of privileged information they have, taking huge advantage to control and exert much-controlling influence on the corporate and strategic decisions (Alexander, 2019).

According to Hoang, Nguyen and Hu (2017), one of the challenges of ownership and its influence on firms' investment decision bothers on the role of corporate owners in influencing and compelling investment decisions in companies. Hanady (2021) revealed that ownership structure in corporate organizations is the distribution of equity holdings among categories of investors with regards to votes and capital contribution in form of shareholdings. Ownership structure is an important construct of the governance framework of any corporate entity, considering the sensitivity inherent in who owns the shares in the company (Le & Le, 2017). While ownership structure constitutes the quantum of shares held by shareholders, it could create a great challenge on the control and influence of the capital owners and exercise of authority on the management of corporate organizations. Ownership structure influences the scope of agency costs, as it is one of the means through which corporate governance impacts corporate investment decisions, value creation, the extent of regulatory compliance and state intervention in the affairs of the company (Saona, Muro & Alvarado, 2019; Zhou, 2020).

Uddin, Uddin and Hosen (2019) submitted that in most cases, it is quite difficult separating ownership with investment decisions and control of the management team of corporate organizations, hence the majority of shareholders always want to exert influence and strategic control on specific and sensitive investment decisions of the company where they have substantial volume of shares (Weerathunga, Xiaofang & Smeera, 2020). Zhang and Fu (2014) revealed that ownership structure is significant because the different fragmentations of ownership have overriding implications on the efficiency of companies. According to Al-Absy, Ismail, Chandren and AlDubai (2020), fractional ownership resulting in higher shareholders concentration could be problematic especially when it exceeds the thresholds, giving chance to higher ownership concentration. Ownership structure tends to determine the mechanism that will reduce or motivate discretionary tendencies of the managers which influence corporate efficiency and profitability.

2.2 Theoretical Framework

Agency theory was propounded in 1932, by Berle and Means but popularized through the efforts of Jensen and Meckling (Jensen & Meckling, 1976). The theory explains a contractual relationship between the principal and the agent. The principals in this circumstance are likened to shareholders while the agents are the managers and the management team of corporate organizations (Cheng, Liu & Chien, 2010).

While shareholders expect total loyalty and commitment towards pursuance of their interest by the managers, managers may undermine this expectation of the shareholders and may be more concerned in the pursuance of their own interest, resulting in a conflict of interest. The misunderstanding and inability to align the different interests of the principals and that of the agents becomes the bone of contention as the managers can't reasonably act in the best interest of the shareholders at all times without consideration of their own interests (Alom & Alom, 2013). The continuous misunderstanding and divergences of interests have brought about agency problems and disjointed interests in achieving the corporate goals and objectives. According to Yordying (2013), incompatibility and inability to manage the conflicts of interest arising from shareholders' wealth maximization interest and welfare maximization interest have continued to accentuate the underlying goal congruence objective of the organization.

Assumptions of agency theory have occupied a pivotal position in literature in the last two decades. Surya (2016) described problems and conflict of interest in agency theory as a case of misunderstanding of different positions of the principals and the agents in terms of interests.

According to Yasser, Mamun and Hook (2017), agency theory underscores contractual obligations which the agents (managers) are bound to observe. Yasser et al., (2017), went further to posit that in all decency, the shareholders are doing managers a favour by providing job opportunities and every such opportunities do come with conditions and contractual obligations, the welfare package, and the working conditions. There are contract obligations binding on the managers when the managers accept these conditions to work in the best interest of the shareholders and at all times will be held accountable for their actions and willing to render account of stewardship periodically without prejudice (Wahyuni, 2019). It is assumed that the managers are the ones looking for job opportunities which they graciously found in the hands of the business owners, hence should play the game in line with the rules.

The agency theory equally assumes that the principals do not have absolute trust in the managers, and the managers are fully aware of this fact and therefore have decided to devise means to play smarter games, to maneuver the actions of the owners of the business they manage (Al-Mousawi & Al-Thuneibat, 2011). The agency theory further assumes that the board of directors and the services of auditors are sort for the purpose of monitoring the actions of the managers. While the boards in most cases align with the camp of the managers, the independence of the auditors are contracted, hence the managers make all efforts to induce and appease both the board and the auditors to compromise their reporting quality and align to their camp.

Supporters of agency theory posit that conflict of interest is a normal occurrence expected in any business relationship, however, it is regarded as extreme when managers undermine their responsibilities to the extent of defrauding shareholders and perpetrating other unethical vices. According to Baker and Wurgler (2002), it is normal and natural to expect managers to render account of their stewardship, since the managers have privileged information that the shareholders do not have. Incidents of financial scandals and fraud cases have heightened the mistrust and loss of confidence on the activities of the mangers, hence the shareholders engage the services of a third party considered as a professional umpire to verify the reliability and credibility of the reports of business activities in the hands of the managers, incidentally prepared by the same managers (Alsufy, Afifa & Zakaria, 2020).

However, on the contrary some critics have opposed the agency theory. Some studies have refused to align their thinking to the position of the assumptions of the theory, opining that the agents and principals hold mutual and similar economic interests, even though the agents in most cases are being displaced and underrated, pushing them to aggressive pursuance of personal interests as it were. The principals, probably ignorant of the danger of undermining the interest of the agents, ignore them deciding rather to go the extra mile of instituting monitoring mechanisms to oversee the activities of the agents. The critics argue that, most managers are experts and professionals in their various fields, who can go any length to protect the interest of the companies, even when they are not well remunerated, receiving peanuts as remunerations.

The research work is fundamentally grounded on the propositions of the agency theory. This is because its assumptions are indispensable to the discourse on ownership structure and firms' investment decisions. Managers are confronted with the decision making responsibility that requires them to establish equilibrium between current period earnings and economic sustainability in the resource allocation process. The realization of this objective however can be frustrated by agency problems and other such factors that influence decision making mechanisms. Shareholders in their quest for wealth maximization therefore take it upon themselves to exert monitoring and control initiatives to curtail managerial indiscretion and achieve goal congruence. As the providers of capital, depending on the weight of equity holdings, their preferences could have a direct bearing on the choice of investments to which funds are apportioned.

Agency theory buttresses the interactions between investors, shareholders and managers who are saddled with the responsibility of sustaining the economic viability of the enterprise. Managers are required to make effective and optimal utilization of the corporate human, capital resources and assets of the organization by making economic value adding investment decisions at all times. Companies are guaranteed continuity when managers invest the shareholders fund efficiently by making wise investment decisions after considering the possible outcome in each investment opportunity.

2.3 Empirical Review

Abdul (2016) investigated the effect of ownership structure on investment decisions of firms in India for a period of 5 years covering 2011 to 2015. The study employed secondary data extracted from the financial reports of companies listed in Bombay Stock Exchange selected for the study. The panel data analysis revealed that foreign ownership structure, managerial ownership and institutional shareholding had a positive influence on return on assets resulting from investment decisions. Abdul (2016) had the same result as Okere and Ibidunni (2019) who reported that corporate governance had a positive effect on the volume of share traded and by extension the return on equity of the banks selected for the study. Abdul (2016) is not consistent with the result of Uddin (2021) who reported that ownership structure showed a negative influence on profit manipulations in the investigated area.

Relativo, Sumayang, Diasana and Murcia (2016) carried out empirical research on the effect of investment decisions on the investment performance of selected small companies operating in Digo City. The study employed the *ex-post facto* research method as secondary data was used. The regression analysis was carried out where descriptive and inferential analysis was employed. The result of the analysis revealed that investment decisions had a positive significant effect on the investment performance of the companies whose financial statement was analyzed.

Marughu and Nwaobia (2020) studied the influence of corporate governance on investment decisions of selected listed deposit money banks in Nigeria. The study employed an *ex post facto* research design using secondary data sourced from the deposit money banks in Nigeria for an unspecified number of years. The study selected a total of 15 deposit money banks while the secondary data were extracted from the financial statements of the banks selected for the study. The study carried out analysis using descriptive statistics and inferential analysis and the study found that corporate governance characteristics jointly had a positive influence on the volume of share traded. The study then concluded that corporate governance had a positive influence on investment decisions of the sampled deposit money banks in Nigeria.

Stanley (2015) investigated the influence of ownership structure on investment decision making that could result in the financial performance of the listed conglomerate companies in Nigeria for a period of 10 years covering 2004 to 2013. *Ex-post facto* research design was employed while correlation analysis was carried out and the study found that foreign ownership has a positive influence on earnings per share (EPS). Stanley (2015)'s study is in tandem with the result of Relativo, Sumayang, Diasana and Murcia (2016) who had in their analysis that investment decisions had a positive significant effect on the investment performance of the companies whose financial statement was analyzed. On the contrary, Savita, Chaubey and Durgesh (2017) results showed that ownership structure had a negative effect on the investment decisions of the companies.

Reiter-Gavish, Mohammed and Yagil (2021) studied firms' investment decisions features and how investment decisions are being influenced by firm size, especially the distressed market conditions. An *ex-post facto* research design was adopted and pooled regression of panel data was carried out by the study. The result of the study was found to reveal that sources of financing had a positive effect on firms' investment decisions. The study of Reiter-Garvish *et al.,* (2021) was found consistent with the results obtained in the study of Bataineh (2021); Zhou, Li and Ghen (2021) who reported positive effects respectively, On the contrary, the study of Qing, Tenk and Heang (2021) found an inconsistent result, reporting a negative effect.

Zaid, Wang, Abuhijleh, Issa, Saleh and Ali (2020) examined the impact of ownership structure and governance quality on investment decisions from the perspective of firm size capital. Secondary data sourced from purposively selected listed companies were used for the analysis. Based on the static panel data analysis, the study found that ownership structure positively affected the investment decisions of the companies sampled in the study. The study of Zaid et al., (2021) was found consistent with the results obtained in the study of Bataineh (2021); Zhou, Li and Ghen (2021) who reported positive effects respectively, On the contrary, the study of Qing, Tenk and Heang (2021) found an inconsistent result, reporting a negative effect.

Adomako, Danso and Damoah (2016) investigated the influence of individual capital ownership on investment decisions and company growth in Ghana. The study employed survey research, using primary data sourced from respondents across small business owners in Accra Ghana. The questionnaires administered to respondents were analyzed using descriptive statistics and the result revealed that small companies and self-employed investors consider risks in business when making an investment decision. The study found that ownership structure had a strong positive significant influence on investment decisions in order to improve its business activities. The study of Adomako, Danso and Damoah (2016) is consistent with the study of Azarmi and

Schmidt (2016). The study found that investment decisions had a positive influence on the financial performance of the companies. Adomako, Danso and Damoah (2016) are not consistent with the study of Singh and Yadav (2016) whose results showed that ownership structure had a negative effect on earnings management in the companies.

Deric and Durkin (2015) investigated the effect of ownership structure on investment decisions of companies in Croatia for a one year period in 2012. The study employed a survey research design, using a questionnaire administered to some respondents from 400 establishments operating in Primorsko-Goranska province. A regression analysis was carried out and based on the respondents and regression analysis; the study found that ownership structure had a positive effect on investment decisions among the 400 companies investigated. The study of Deric and Durkin (2015) is in concordance with the study of Nasrum, Aka and Dahlan (2015) who revealed that ownership structure and corporate management had a positive significant influence on investment decisions on the companies investigated. The study of Deric and Durkin (2015) is not consistent with the study of Savita, Chaubey and Durgesh (2017). Their result showed that ownership structure had a negative effect on investment decisions.

3.0 Methodology

The research design explored is ex post facto. Data was collated from the financial reports of the sampled consumer goods firms. 12 consumer goods firms were purposively chosen for a 15 year period; 2006 to 2020. The selected firms are: (i) Nascon Allied Plc (ii) Cadbury Nigeria Plc, (iii) International Breweries, (iv) Flour Mills Nigeria Plc, (v) Guinness Nigeria Plc, (vi) Nestle Nigeria Plc, (vii) Nigeria Breweries, (viii) PZ Cussons Nigeria Plc, and (ix) Unilever Nigeria Plc., (x) VitafoamNig, (xi) Nigeria Enamelware Plc (xii) Nigeria Northern Flour Mill Plc.

Model Specification

NATAR =*f*(INOS, FOS, GVOS, MGOS) -- *Equation1*

$NATAR_{it} = \beta_0 + \beta_1 INOS_{it} + \beta_2 FOS_{it} + \beta_3 GVOS_{it} + \beta_4 MGOS_{it} + \mu_{it}$

Where: NATAR = Non-current assets to total assets ratio, INOS = Institutional ownership,
FOS = Foreign ownership, GVOS = Government ownership, MGOS = Managerial ownership, β_0 = Constant, β_1-β_4 = Beta (Coefficient of the explanatory variables. i= Cross-sectional, t= time-series, μ = Error term of the Model

Table 1: Evaluation of Variables

VARIABLES	MEASUREMENTS	SOURCE
NATAR	Non-Currents Assets / Total Assets	Amna, Ali and Syed (2018)
Independent Variables		
INOS	Shares acquired by institutional investors / Outstanding common shares	Alkurdi, Hamad, Thneibat&Elmarzouk (2021)
FOS	Share holdings of foreign. institutions / Total value of issued ordinary shares	Alkurdi, Hamad, Thneibat & Elmarzouk

		(2021)
GVOS	Share Held by Government in a Company / Total Share Outstanding in the Company	AlSaeed (2018)
MGOS	Shares holdings of directors / Value of issued ordinary shares	Alkurdi, Hamad, Thneibat&Elmarzouk (2021)

Source: Author's Computation (2022)

4.0 Data Analysis

Table 4.1: Estimation Output

RANDOM EFFECTS GLS REGRESSION

	$NATAR_{it} = \alpha_o + \beta_1 INOS_{it} + \beta_2 FOS_{it} + \beta_3 GVOS_{it} + \beta_4\ MGOS_{it} + \mu_{it}$			
Dependent variable: natar	**Coeff.**	**Std. Err**	**T-Stat**	**Prob**
Constant	50.198	18.767	2.67	0.018
INOS	-0.204	0.202	-1.01	0.330
FOS	14.395	14.460	1.00	0.336
GVOS	-2.488	1.798	-1.38	0.188
MGOS	-0.161	0.166	-0.97	0.348
Adjusted R^2	0.105			
Wald- Stat.	$Chi^2_{(3)} = 8.79$ (0.03)			
Hausman Test	$Chi^2_{(3)} = 1.03$ (0.79)			
BPLM Test	$Chi^2_{(1)} = 4.24$ (0.03)			
Heteroskedasticity Test	$Chi^2_{(1)} = 366.14$(0.00)			
Serial correlation Test	$F_{(1,11)} = 161.516$ (0.00)			
Cross-sect dep. Test	5.792 (0.00)			

Source: Researcher's Computation (2022) **@Chosen Significance level of 5%**

Interpretation of the Diagnostic Tests:

To determine the most suitable estimator for the model, Hausman test was conducted. The probability value of (0.79) > 0.05, signifies that the fixed effect approach is not suitable for the model. The Bresuch-Pagan LM test was employed to ascertain the appropriateness of the random effect approach. The result confirms that this technique is best suited for the model, since the probability value (0.03) < 0.05.

In addition, the probability value of the Breusch-Pagan heteroskedasticity test (0.00) indicates that the assumption of constant variance is incorrect thus confirming that the model is heteroskedastic. The result of the serial correlation test for autocorrelation using the Wooldridge test (0.00< 0.005) revealed the existence of auto correlation.

The cross sectional dependence test was carried out through the use of Pesaran's test of cross sectional independence. The probability value of 0.00 < 5% level of significance, implies that the residuals are correlated at 5% level of significance.

As a result of the presence of heteroscedasticity, first order autocorrelation and cross sectional dependence, Driscoll and Kraay standard errors were used to estimate the model to avoid estimation bias.

Regression Equation

$NATAR_{it} = \beta_o + \beta_1$ INOS $_{it} + \beta_2$F66OS $_{it} + \beta_3$GVOS $_{it} + \beta_4$ MGOS $_{it} + \mu_{it}$ ……………….. **Model 1**

Model one investigated the effect of ownership structure on non-current assets to total assets ratio (NATAR) with particular reference to consumer goods firms listed in Nigeria. The estimates from the analysis revealed that: the effect of institutional ownership (INOS) on non-current assets to total assets ratio (NATAR) is negative and statistically insignificant (β_1 = -0.204, *p = 0.33).* This submits that a percentage improvement in institutional ownership translates to 0.204 percent decline in noncurrent assets to total assets ratio. Similarly, the results show that the effect of foreign ownership on non-current assets to total assets ratio (NATAR) is positive and insignificant (β_2 = 14.395, *p = 0.34)* indicating that a percentage surge in foreign ownership will lead to 14.395 percent increment in noncurrent assets to total assets ratio.

Additionally, government ownership (GVOS) has a negative but insignificant effect on non-current assets to total assets ratio (NATAR) (β_3 = -2.488, *p = 0.19),* indicating that a percentage increase in government ownership will causes a 2.488 percent reduction in noncurrent assets to total assets ratio. In addition, managerial ownership (MGOS) revealed a negative but statistically insignificant effect on non-current assets to total assets ratio (NATAR) (β_4= -0.161, *p = 0.35).* This suggests that 1 percent appreciation in managerial ownership translates to a 0.161 percent decline in noncurrent assets to total assets ratio.

The model has an adjusted R^2 of 0.105, suggesting that about 10.5% of variations in non-current assets to total assets ratio (NATAR) is accounted for by ownership structure constructs, while the remaining 89.5% of variations in non-current assets to total assets ratio (NATAR) of listed consumer goods firms in Nigeria are explained by external factors outside of the model.

Decision

Given the Wald Chi probability value of 0.03 < 0.05% chosen significance level of the study, the null hypothesis is rejected, implying that ownership structure has significant effect on noncurrent assets to total assets ratio of the selected listed firms.

Discussion of Findings

The model tested the effect of ownership structure on noncurrent assets to total assets ratio of the selected firms. The output depicts that institutional, government and managerial ownership have a negative effect on noncurrent assets to total assets ratio while foreign ownership was shown to exert a positive effect. The study therefore opines that ownership structure has a positive significant effect on non-current assets to total assets ratio of consumer goods firms listed in Nigeria.

The result alligns with the outcome of prior studies that reported positive effect. They include; Bast (2016); Anaja and Onoja (2015); Savitam, Chaubey and Durgesh (2017); Deric and Durkin (2015); Kengatharam (2015). However, the result differs from the works of Abosede and Kajola (2016); Qing, Tenk and Heang (2021); Obi and Adeyemo (2014) who reported negative effects.

The results of Helen and Bature (2016) whose work measured the effect of ownership structure and financial leverage on investment cash flow sensitivity, earnings quality and investment in fixed assets aligned with the findings of the study as a positive relationship was reported between all constructs of ownership structure and firm’s investment in fixed assets. The result was however not consistent with the study of Savita, Chaubey and Durgesh (2017) whose work showed that ownership structure had a negative effect on investment decisions of the firms investigated.

The results of Stanley (2015)'s study is in tandem with the result of Relativo, Sumayang, Diasana and Murcia (2016) whose analysis revealed that institutional ownership, foreign ownership and government ownership exerted a positive significant effect on the investment performance as proxied by asset tangibility of the sampled firms. On the contrary, the results of Savita, Chaubey and Durgesh (2017) revealed that ownership structure measured by the joint effect of managerial and foreign ownership had a negative effect on the investment decisions of companies.

The disparity in the results obtained might be attributable to differing legislations, codes of corporate governance, varying economic environments of the sampled firms and influence of heterogeneous firm factors such as organizational complexity, levels of human capital investment, financing and funding constraints. From the standpoint of theory, agency theory asserts to the fact that increased investment at firm level, creates more opportunities for managerial discretion. This translates to higher block shareholdings and concentrated ownership to curtail managerial opportunism. Since market and legal institutions are generally less developed in developing countries and climes, there is a higher tendency for block shareholdings, where controlling shareholders find it easy to exploit minority shareholders. Variations in corporate governance environments between developing and developed economies also account for distinctions in governance mechanisms adopted to curtail agency problems and managerial indiscretion.

5.0 Conclusion and Recommendations

On the basis of the results stated above, the study concludes that ownership structure exerts significant effect on noncurrent assets to total assets ratio of consumer goods firms listed in Nigeria.

The recommendations of the study are outlined as follows:

i) The board and management of consumer goods firms should strive to be good stewards of resources, undertake adequate investment appraisals and risks assessments that would enhance potential investment returns, consistent dividend payments and sustainability of the corporate existence.

ii) The government as well as other policy makers should synergize to strengthen the governance frameworks of firms to enhance the monitoring and oversight function of shareholders.

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