

IMPACT OF OWNERSHIP STRUCTURE AND DIVIDEND ON FIRM PERFORMANCE: EVIDENCE FROM KSE-100 INDEX

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ABSTRACT

This study aims to objectively investigate the effects of dividend and ownership structure on company's profitability. In order to determine how foreign ownership, family ownership, institutional ownership, and dividend payout affect company's performance in Pakistan, this study employs approach of panel-regression. The information was gathered via a secondary technique, from the Pakistan Stock Exchange and yearly reports of businesses, and was being used for 74 companies for Six years. According to the study's findings, foreign ownership, family ownership, institutional ownership, and dividend payout, all have a statistically significant effect on a company's success. The results show that information asymmetries are essential for understanding of how dividend distribution patterns and business performances are related. This study is unique as it considers both the ownership structure and the dividend in order to determine how they affect a company's profitability. By assessing the ownership structure and looking at its effects on firm performance and moreover by looking at dividend payout effect on performance, this research will help businesses and investors in making decisions that will increase profitability and returns respectively.

Keywords: Foreign ownership, Institutional ownership, Family ownership, Dividend payout, Firm performance

INTRODUCTION

Dividend is an important corporate finance issue as it is of great importance for the firm's performance and its decision making. When a corporate takes decision to make no dividend payment it means that company is keeping its profit for its growth or due to instability. The companies make dividend payment due to a number of reasons to its shareholders, the primary motive to pay dividends is to have a more number of shareholders or investors attracted so that the investment of the company increases, another important reason is that when a company is earning profit so it may make dividend payments, free cash flow of a firm, corporate governance of the firms, ownership that might be state owned, the size of the company, and impact of industry (Dewasiri et al., 2019). Miller and Modigliani (1961) the policy of dividend is built on resources of firm and funds used that is called the residual theory. Firms that have a high amount of investment mostly do give less amount of dividend, in other words it can be said corporation with more invested amount pay shareholder with low payment of dividend as they must pay to all investors on their invested amount while on the other hand the firms that earn higher amount profits or income pay a more dividend (dividend-payouts). As per the signaling theory, the change in dividend payout of a firm together with condition of firm and thoughts of board or supervisors about profits in future are linked together by the investors. Through the help of dividend policy, a corporation

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can determine the cash flow pattern of corporation which it makes to its shareholders over a period and the size of the company. The corporations with high amount of profit pay a high amount of dividend, while dividend payouts are lower for companies that are having a higher investment. The payments of dividend that a company makes to its shareholders make the investor attract which increases the new stock issuance or debt issuance aimed at new investments, while capital market monitoring reduces agency expenses. For the dividend policy, management, shareholders, and creditors continue to be interested and impacts the performance (Daryaei & Fattahi, 2020).

Jensen and Meckling (1976), the agency theory is the conflict between the investor and the management due to difference in goals, the theory helps in explaining the role of the ownership structure role that is involved in decision making like the decision about what dividend policy. There are two types that can occur in type-I there are conflicts or disputes between manager and the owner while in the type- II there is conflict of interest, or we can say disputes that occur in between minority owners and company's major number of owners. In terms of data asymmetry, Miller and Modigliani (1961) argue that investors have access to information about the firm's merits that is kept hidden from them. In this case, signaling theory, which is used in corporate profit strategy, allocates resources to delivering a high-quality message at a lesser cost. Nonetheless, according to the signaling theory, funders link any changes to the association's profit payout design to the health of the company and the management's opinion of the company's future productivity prospects. According to the researcher Lin et al. (2017) between management and external investors, there is an information asymmetry. Dividend payouts are one way for management to release information to the marketplace. The dividends provide a low-cost mechanism for dealing with information asymmetry. According to Rajverma et al. (2019), family-controlled firms play a critical role in most developing market economies due to the high concentration of ownership. Retirement funds, insurance agencies, banks, and unit trust are example of institutional shareholder due to this they play an important role in a company and actively engage in determining their companies' dividend payment or policy. Ownership structure relationship with dividend and volatility in price does not have any effect but with an influence of policy of dividend on market risk in stock market for investment (Phan & Tran, 2019). Khan et al., (2018) study about the individual shareholder ownership that it takes a positive effect on firm performance, whereas director and INS have a negative effect on productivity and dividend policy unaffected by ownership structure.

Agency cost theory emphasizes on technique through which the agent principal conflict can be arises, it states that there exists conflict between the management and owners as they are separate and due to asymmetry information. Signaling theory states that the announcements of dividend send signals in communicating information to investors and reducing asymmetry information, which impacts the performance of firm. This study will help to find out the answer that whether firm performance is controlled through ownership building-(OWN) named foreign-(FOR), institutional-(INS), and family-(FAM), and payoff of dividend-(DIV) in the non-financial companies listed in Pakistan, help researchers know that does' ownership structure and dividend influence firm performance. This study is significant because it will enable both investors and corporations realize how well the FAM, FOR, INS, and DIV structures enhance a financial performance of an organization. Prior researchers as focused on the influence of payment of dividend, structure of ownership impact and firms' productivity individually. In Pakistan, the research of dividends, ownership, firm profitability together was still incomplete; there was no proper research done on the dividend and ownership structure influence on performance of business. One of research significant commitments was an examination of the dividend payouts effect on firm performance and effect of ownership on corporation performance. The uniqueness for this research to conduct comes from the fact that it balances performance impact due to ownership structure and dividend both. The research looks at how dividend and ownership structure both affect a non-financial company's performance in Pakistan. An in-depth study was required to empirically validate the numerous conceptual problems connected to dividend influencing business performance in Pakistan. This research fills a gap in the literature by presenting practical and theoretical support on the association between dividend payoffs and the firm's ownership composition in terms of performance.

The main goals of this study are essentially to look at the consequence of payout of dividends on earnings of firm and to figure out the influence of shareholding on firm profitability. The purpose is to ascertain the effect of foreign-shareholder on business performance, look into the effect of family-

shareholder on firm performance, research the effect of institutional-shareholder size on profitability, and finally look into the effect of dividends on organizational value.

REVIEW OF LITERATURE

The fundamental analysis of what is the influence about payout of dividend on a firm's performance and price of share is not restricted to firm manager, but it also looks at the impact on investors. The distribution of earned profit to the shareholders so that the aim of maximizing wealth can be achieved is referred as dividend. The process in which the management makes decision on what to payout the dividend or we can say the degree and cash division pattern among shareholder over a specified period is referred to as dividend payout (Miller, 1988). Over the period of time there are much research that are looking out to find reasons that influence the decision about payment of dividend. As per the Miller and Modigliani (1961), signaling theory, announcement of dividend payout or dividend shows information that is indirectly about a company's performance which causes investors to respond or in other words cause them to react to those announcements. The ability of a company to pay dividends indicates its profitability. Jensen and Meckling (1976) agency cost theory, as payment of dividend is a potential method for reducing agency problem regarding the factors like cash flow, financing debt, growth of company, capital investments, size of company, external investors, and risks, according to the study of theory, which focuses on ways to lessen costs due to problem that arises due to principal and agent problems or conflicts. The principal agent conflict theory also gives the possible reasons for the payment of dividend that affect the number of huge shareholders. Since huge number of shareholders have more voting power to influence a firm's choices, as opposed to minority equity investors, so they play a stronger role in overseeing management. Based on the concentration of ownership with most countries, family-controlled companies play a prominent part; however, research on family firms and dividend payout have largely relied on agency cost theory. When the ownership and management are linked together so the decision that are made gets improved, better, and faster which helps it in eliminating excessive costs and maximizing productivity. Family members that are involved in companies helps in maintaining a tight check on things that is been found to help reduce income losses.

The dividend relevance theory is supported by signaling theory, it suggests that the managers and other internal users possess access information more about company's present and future opportunities which is not accessible to the outside investors, and therefore that they can use this advantageous position to advantage themselves at the shareholders expenditure. According to signaling theory, announcement of increased dividend payouts sends a good indication for investors about the long-term profitable career potential. As a result, announcement related to dividend could serve as a sign to transmit information, it causes the reduction in asymmetry information. On the contrary, statement of reducing payouts of dividend can also additionally imply control negativity approximately fortune cash flow (Fama, 1980). Dakhllalh et al., (2021) did studies to determine how shareholding affected a company's success, through this research it was identified that there is a non-linear relation of firm performance and ownership structure. The family ownership are indeed significant employment with own economies, as they provide more steady employment than in other businesses, indicating that employment legislation and policy should consider the ownership structure of businesses (Villalonga & Amit, 2020).

Laporšek et al., (2020) have analyzed the only ownership structure with relationship to firm performance: state-owned, privately-owned firms and the ownership concentration comparison with firm profit. There was no substantial relationship observed. The investigation of Hasanudin et al. (2020) planned to find there is a critical impact of institutional ownership, operating leverage, liquidity on worth of the firm on the performance of an organization. In another study, the researcher discovered a strong link among a company's efficiency and its shareholding structure, which was FOR-owned (Vinh, 2019). There are some of researches that examine pattern of shareholders structure and corporation efficiency, in the study conducted by Yeh (2019), he used data from Taiwanese tourist publicly traded companies in his study on shareholding structure and overall effectiveness of company in public tourism. The findings indicated there is effect which is positively related to return on assets and Tobin's Q with institutional shareholders while the effect on Tobin Q was negative with ownership discrepancy. Ownership can be split into some different types like family-owned, government-owned, and foreign-owned, etc. The research conducted in bank it was found that the state owned and foreign owned have

an effect that is negatively linked on the dividends, in family ownership it has an effect that was positively linked with dividend payouts and in family-owned banks dividends was paid in excess to the shareholders and a negative effect on dividend payouts in controlling ownerships according to (Setiawan et al., 2019). The influence of ownership structure and dividend payout on firm performance, valuation and risk all aspects which was seen in a study by Rajverma et al. (2019), it was observed that there is a low dividend payment where there is high risk and low valuation. In the ownership structure type, it was seen that family ownership and concentration influences the firm performance as well as the risk of the firm. Moreover, according to Rajverma et al., (2019) the firm that pays a dividend on regular basis were also seen as less risky and premium valuation. Tsouknidis (2019) in research examined institutional ownership and firm performance for United States shipping listed companies' relationship, it showed a negative connection of institutional ownership and firm performance, many of which is due to the absence investment firms instead of strategic investment firms.

Firm performance is a vital aspect, and it is the performance of an organization, relates to the manner a company operate, and the results of its activities is referred to as firm performance. Previous research has indicated that there may or may not be a linkage between shareholding and organization performance management. According to Vu et al., (2018) saw when managers hold the shares of the company, they are more focused towards improving the firm performance, the ownership concentration increases the performance. It was observed that when the ownership is more with managers, they tend to performance well to improve the firm performance. In a research about dividend impact on value of firm and risk by Karpavičius and Yu (2018) observed that the utility function of managers includes if the value function of a firm's manager includes simultaneous dividends, and to maintain the level of equity so that risk is maintained the manager increases the risk level for equity.

Wang and Shailer (2017) and Bentivogli and Miranda (2017) investigated the connection among both family-FAM focused shareholding and listed firm performance in global markets and found that there is an underlying significant positive relationship between FOR and performance. They also looked into the effect of foreign possession on a firm's economic performance. The research authors were difference-in-differences analysis, which showed FOR entities get a surcharge for their equity. The premium rises over period, stays centered in the segment of services, besides diminishes if the overseas stockholder is registered in a tax avoidance scheme. The Ting et al. (2017) study showed that ownership affects payout and, at last, organization execution or we can say the performance of a firm. The study uncovered that concentrated investor ownership played a basic impact in choosing payouts of dividend and affect corporate achievement. Ownership concentration, specifically, is connected to low dividend dissemination, yet likewise builds organization execution. The research tried to show that ownership may be a valuable checking tool.

Conceptual Framework

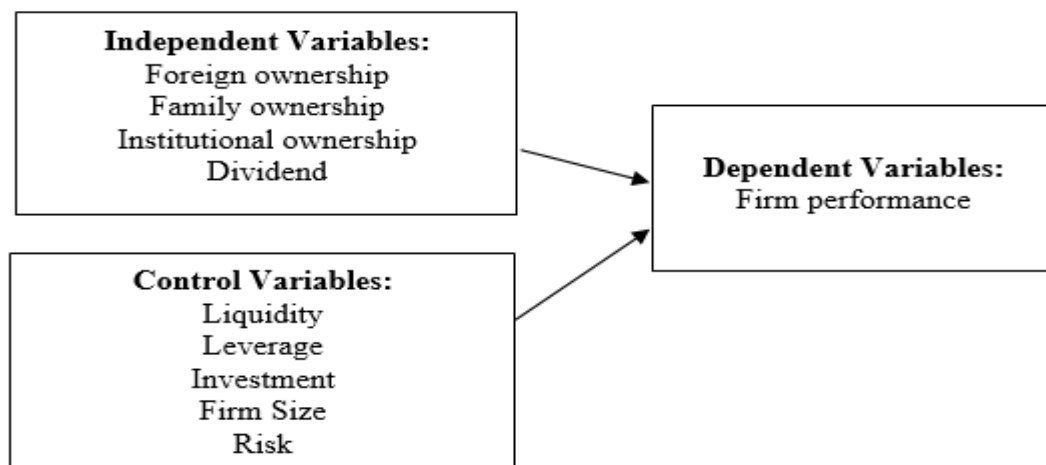


Figure 1 Conceptual Framework

The research takes into account the four independent variables named foreign ownership, family ownership, institutional ownership and dividend as well as some control variables to look at the impact on firm performance.

Hypothesis

The purpose of this study is to determine how shareholding and payouts affect firm performance. The following hypothesis is set out.

- **H₁:** Foreign ownership has an effect on corporate performance.
- **H₂:** Family ownership has an effect on corporate performance.
- **H₃:** Institutional ownership has an effect on corporate performance.
- **H₄:** Dividend has an effect on corporate performance.

MATERIALS AND METHODS

Data Collection & Sampling

The study population consist of various registered companies on the Pakistan Stock Exchange from 2015-2020, the population is from Pakistan that are the listed companies' earnings on Pakistan Stock Exchange; with sample size of 74 non-financial companies of KSE 100 index for 6 years. The data is collected through secondary research method from annual reports of companies. Stata14 software is used in this research to determine the result, analyze, manage, and present data graphically in a better way. The financial data of companies is composed through the particular corporations registered on stock exchange in Pakistan for 6years with an entire figure of observations 444.

Econometric Model

This model is developed to investigate the influence of ownership structure and dividends on firm's profit aimed at the firms listed in Pakistan. The profitability model (ROA) is used for investigating the ownership structure and dividend impact on firm performance.

$$ROA_{i,t} = \alpha_1 + \beta_1 FOR_{i,t} + \beta_2 FAM_{i,t} + \beta_3 INS_{i,t} + \beta_4 DIV_{i,t} + \beta_5 CR_{i,t} + \beta_6 DE_{i,t} + \beta_7 CAPEX_{i,t} + \beta_8 SIZE_{i,t} + \beta_9 RISK_{i,t} + \varepsilon_{i,t}$$

Measurements

Table No. 1 Variables Measurements

Variables	Proxy	Operational Definition	Measurement	References
Firm performance	ROA	The company's total earnings generated per rupees of its total number of assets.	Net Profit / Total Assets	Yee (2017)
Foreign ownership	FOR	The shares of company that are being owned by foreign investors and corporations.	% of shares held by foreign investor/ total no. of share	Rashid (2020)
Family ownership	FAM	The individuals that are the shareholders with same surname (husband, wife, etc.) who are listed either as directors, executives.	Dummy variable, one is coded if a family firm, otherwise zero.	Bataineh (2021) Benjamin et al. (2016)
Institutional ownership	INS	The shares that are being held by financial institutions that include: banks,	% of shares that held by financial institutions	Rashid (2020)

Dividend	DIV	mutual fund, pension funds. The total number of earnings percentages paid to the shareholders in form of dividend.	Dividend/ EBIT	Rajverma et al. (2019)
Liquidity	CR	The ability of company in executing short- term debts.	Short term assets/ Short term liabilities	Phung and Mishra (2016)
Leverage	DE	The total debt relative to firms' total equity.	Liabilities/ Capital	Yusof and Ismail (2016)
Investment	CAPEX	The capital expenditure of company to total assets	Capex/ Total Assets	Rajverma et al. (2019)
Firm Size	SIZE	The ln of total number of assets.	Lg total assets	Kao et al. (2019)
Operating Risk	RISK	The SD of 1 st difference of operating profit to total number of assets.	SD first difference operating profit/ total assets	Rajverma et al. (2019)

RESULTS AND DISCUSSION

Table No. 2 Descriptive Statistics

	N	Mean	Minimum	Maximum	Std. Deviation
ROA	444	0.099	-0.259	0.808	0.100
FOR	444	6.955	0.000	82.860	14.918
FAM	444	0.718	0.000	1.000	0.450
INS	444	8.915	0.000	36.99	7.799
DIV	444	33.372	-67.976	162.090	36.274
CR	444	1.820	0.010	30.033	1.887
DE	444	0.403	-80.800	22.790	4.324
CAPEX	444	0.073	0.000	0.866	0.087
SIZE	444	24.406	20.545	27.482	1.355
RISK	444	0.024	-4.694	6.433	1.040

The descriptive statistics, table 2 shows variables data for year 6 year. It is showing us the value for the mean of all variables that includes the dependent variables, followed by independent variables as well as the control variables. The table is not only showing us the value of the mean for our variables but is also showing the maximum value, minimum value, and the SD of all variables. ROA is the dependent variable, and FOR, FAM, INS, and DIV are the independent variables. The control variables used in this study are CR, DE, CAPEX, SIZE and RISK. It can be observed that the average value of ROA during the study is 0.099 with a SD of 0.100 and the least and extreme values that is observed by ROA is -0.259 and 0.808 respectively. Dividend payout, foreign ownership, family ownership and institutional ownership with an average of 33.372, 6.955, 0.718 and 8.915. The difference between the lowest and highest CR values, which are 0.010 and 30.033, respectively. Additionally, the mean values for DE, CAPEX, SIZE, and RISK are 0.403, 0.073, 24.406, and 0.024, respectively, with standard

deviations of 4.324, 0.087, 1.355, and 1.040. The mean of RISK has the lowest value of .024 out of all the variables that were included, and the standard deviation of CAPEX has the lowest value of 0.087.

Descriptive Graphs

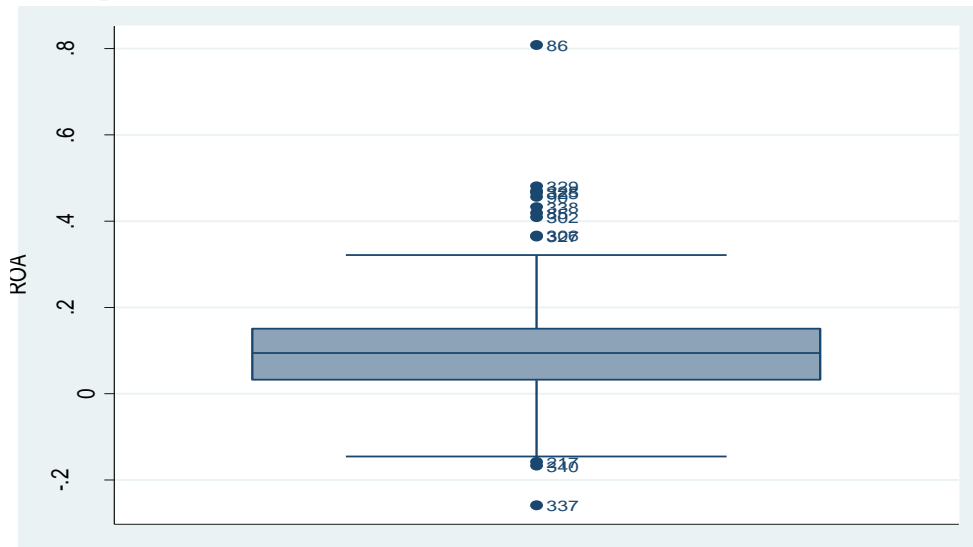


Figure No 2. Detecting Outliers (Box plot)

To detect outliers from our dataset we are using box plot. The outlier in the data that lies above and below the box plot's edges is displayed in figure 2.

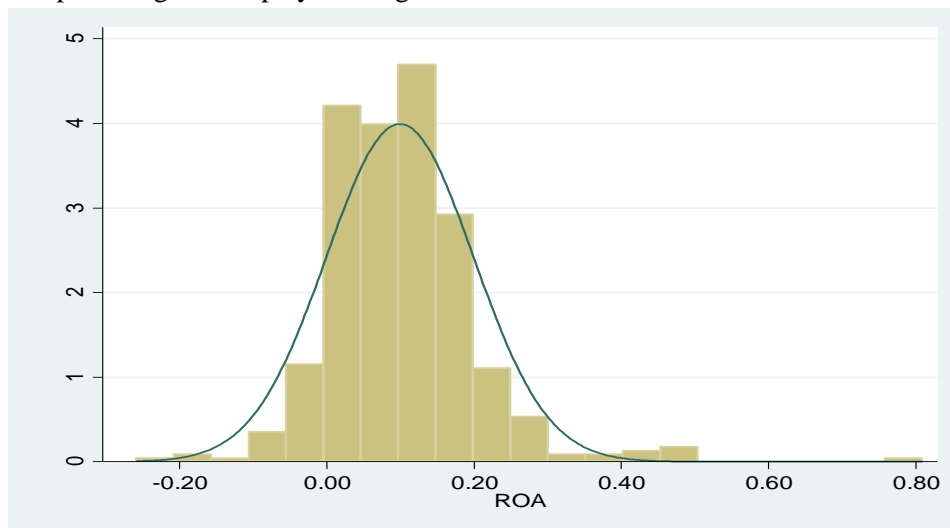


Figure No. 3 Detecting Normality (Histogram)

Figure 3 demonstrates that the statistics in this instance cannot be regarded as normal because an outlier has caused an imperfect peak.

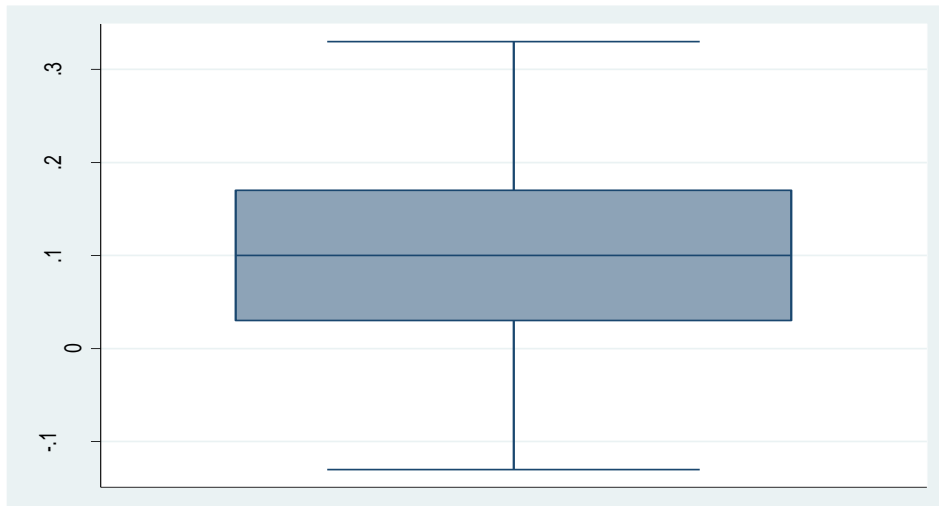


Figure No. 4 Removal of Outliers (Box plot)

The figure 4 shows that are no outliers in our data. Now there are no outliers detected in the dataset.

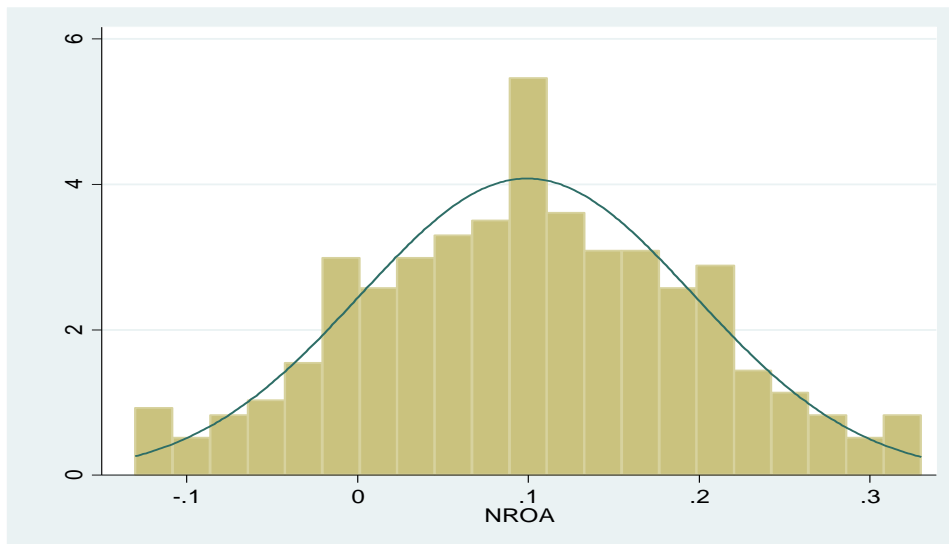


Figure No. 5 Normality (Histogram)

Figure 5 makes it very evident that when outliers have been removed, the data is normal. We generated a new standardized variable to make our data normal and to achieve normality.

Correlation Matrix

Table No. 3 Correlation Matrix

Var.	FOR	FAM	INS	DIV	CR	DE	CAP	SIZE	RISK
FOR	1								
FAM	0.165	1							
INS	0.008	0.027	1						
DIV	0.008	-0.088	0.014	1					
CR	0.111	0.072	-0.001	-0.024	1				
DE	-0.004	-0.043	0.024	0.09	-0.014	1			
CAPEX	0.004	0.051	0.026	-0.056	-0.071	0.03	1		
SIZE	0.017	-0.199	0.154	0.12	-0.03	0.059	-0.027	1	
RISK	0.009	0.04	0.062	0.361	0.17	0.075	0.04	0.035	1

The table of matrix of correlation of all variables is collectively presented in table 3, which shows us that there is no serious multicollinearity problem as the value are below 0.8. It is clear from the correlations result that the control variable RISK and the dependent variable DIV have a moderately strong positive correlation coefficient of 0.361. FAM has a positive coefficient of correlation of 0.165

with FOR, furthermore it can be observed that institutional ownership is having a positive correlation with foreign and family ownership both. Among the independent variables DIV is having one weak negative correlation coefficient. Whereas the control variables DE is having two negative correlations with the two types of ownership FOR and FAM; also, with control variable current ratio. CR is having two negative correlations; CAPEX and SIZE are negatively correlated with CR and RISK is having all positive correlation coefficients.

Assumption of Regression

Table No. 4 Normality

	P value
Shapiro-Francia test	0.967
Skewness/Kurtosis test	0.235

After the outliers were removed, we used several identification techniques that determine whether the data of our research was normal or not. We took into consideration that the h_0 was that the set of data was normal, and the h_a was that it was abnormal. In Shapiro-Francia and Skewness kurtosis test table 4.3; shows value which is greater than 0.05 significance level, as long as the result is higher than 0.05, we can confirm our null hypothesis and accept it by declaring that the ROA, our dependent variable, is normally distributed.

Multicollinearity

Table No. 5 Multicollinearity

	VIF	TOLERANCE
RISK	1.214	.824
DIV	1.196	.836
FAM	1.091	.916
SIZE	1.086	.921
CR	1.063	.941
FOR	1.043	.959
INS	1.032	.969
CAPEX	1.019	.981
DE	1.015	.985
Mean VIF	1.084	.

The VIF test is used to detect the multicollinearity problem in the dataset. The variance inflation factor as seen in table 5 for all the variables is ranging from 1.015 to 1.214, which are below 10. Tolerance that is calculated by dividing 1 by VIF, tolerance also helps to find the multicollinearity occurrence in the statistics as the value of tolerance in table 4.4 is not less than 0.1 it means that multicollinearity is not there but if the value was less than 0.1 it will indicate multicollinearity. To conclude VIF was neither greater than 10 nor the value of tolerance was less than 0.1 means that multicollinearity problem is not detected here as this model is free of multicollinearity.

Heteroskedasticity

Table No. 6 Heteroskedasticity

Breusch-Pagan/Cook-Weisberg test for heteroskedasticity	
chi2(1)	0.15
Prob > chi2	0.6952

To test heteroskedasticity Breusch pagan test is used and to make sure that the error terms are distributed normally. The h_0 for Breusch pagan test is that the variance is constant among the residuals while h_a states the variables and non-constant variance inform us which response variable was employed in the regression model. Table 6, we are having a probability chi-square value is above conventional 0.05 suggest here is no hetero present in our information set, the null hypothesis is accepted with rejecting the alternative hypothesis. Therefore, there is adequate indication that the data is not heteroskedastic.

Autocorrelation

Table No. 7 Autocorrelation

Durbin-Watson statistic (original)	1.209172
Durbin-Watson statistic (transformed)	2.040946

In the Dwatson test, values ranging after 0 to fewer than 2 points a positive autocorrelation is shown, whereas figures to 4 from 2 tells us autocorrelation which is negative. In this situation, the Durbin Watson test value in table 7 is 1.209172, indicating positive autocorrelation. To resolve the autocorrelation problem prais is used which uses the generalized least square method in a regression model to approximate parameter. As now the value of D-Watson is now above 2 it is acceptable and lenient approach, there is no autocorrelation because we know when Durbin Watson test is 2 or close to 2, it means there is no auto correlation.

Hausman Test

Table No. 8 Hausman Test

	Coef.
Chi-square test value	31.44
P-value	0.0002

The Hausman specification test was performed to figure out which model best fits our panel data. With the use of the hausman specification test, it is possible to choose between FE and RE models. H_0 will be rejected since the probability value of 0.0002 is less than 0.05, is concluded that FE model is preferable.

Fixed Effect Model

Table No. 9 FE Model

VARIABLES	NROA
FOR	0.00159** (0.000647)
FAM	-0.0250** (0.0100)
INS	0.00157** (0.000744)
DIV	0.000523*** (9.84e-05)
CR	0.00413** (0.00171)
DE	-0.000710 (0.000575)
CAPEX	0.0776** (0.0349)
SIZE	-0.0189** (0.00840)
RISK	0.0543*** (0.00413)
Constant	0.523** (0.206)
Observations	444
Number of Companies	74
R-squared	0.465

Standard errors in parentheses

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

The table 9 shows three types of ownership FOR, FAM and INS are statistically significant at 5%; it can be observed that FOR and INS is positively impacting the firm's performance while FAM is showing a negative influence on independent variable of profitability. DIV statically significant at 1% indicating that it does have a favorable result on ROA that the rate high for dividend payout lead to high return on assets, but the influence is small. CR, CAPEX and SIZE with a 5% significant impact on ROA with DE having a negative insignificant influence on ROA. R-square stands 0.456 presentation 45.6%

of change in ROA which is dependent variable is getting explained by OWN and DIV variables rest goes to the error term.

In prior literature different results were seen related the impact of ownership and profitability of firm. The association between foreign shareholding and corporate performance has been studied in the past, with varying outcomes. The foreign ownership and firm performance have significant impact according to Nguyen et al. (2019) study it was stated in the study that foreign ownership helps in the generation of high returns and it helps to lower the risk. Additionally, the analysis demonstrated a strong correlation between foreign buyer shareholders and profitability of the company. These are the results which are in line with our results as we also observed a significant impact of foreign ownership on the performance of the firm Kao et al. (2019), Phung and Mishra (2016) and Rashid (2020) study has suggested that foreign ownership has a favorable impact on firm profit or profitability means the performance. H_1 which contends that there is a nexus between a company's profitability and its foreign investor shareholders, is accepted since FOR has a 5% positive substantial effect on organizational performance. The findings are consistent with prior research, demonstrating that FOR is positively and significantly associated to ROA, hence supporting the notion that foreign ownership and firm performance are linked. While Likitwongkajon and Vithessonthi (2020) investigation contradicts these findings.

The effects of family ownership on corporate performance have been a subject of discussion in both management and finance. The hypothesis H_2 states that there is a link between FAM and company performance, which is supported by our panel data, which shows that there is a significant connection among FAM and organizations profitability. The results are in agreement with conclusions of Wang and Shailer (2017) and Dakhlalh et al., (2021) as according these researches the family ownership firm performance is better as they have more knowledge than the shareholder and internal business insight knowledge as well. Family structure of shares have an association with firm performance as another study conducted by Musallam et al., (2018) results are also in line with our outcomes in Indonesia the family ownership positively influences the firm performance, as the family proprietorship helps the firm in better performance reducing the conflicts. However according to Ullah et al., (2021) and Amin et al., (2021) the findings of the impact of family-owned and performance of firm is inconsistent as it claims that there is a weak association between family-owned businesses and their performance, implying that when a business is held by a family, its performance is poor.

Institutional ownership is having a major influence on company profitability measured with ROA as institutional ownership improves the firm performance as they take active part and report the firm according to (Al-Gamrh et al., 2020). It is recognized that there is an association among both INS and value creation or profits, as predicted by H_3 , because it is significant statistically in this analysis. Our findings are consistent with those of Lin and Fu (2017), Dakhlalh et al., (2021) and Drobotz et al., (2021) as the conclusions propose this financial or investors of institution do have strong positive and impact that is significant on firm performance because the institutional investors act activity and tries to improve the performance of the firm. The findings of Minh Ha et al., (2022) contradict our findings, implying that institutional owner's has no bearing effect on business profitability when assessed by return on assets, and so our findings contradict the research.

Dividend plays a very important role in a firm, the research produced hypotheses H_4 states that there is an impact of dividend on firm performance. As per the outcome, dividend remains 1% on ROA with significant statistically. Moreover, (Kao et al., 2019; Minh Ha et al. (2022)) results showed that dividend have significant impact on profitability which agree well with observations in table 6.8, another study of (Al-Sa'eed, 2018) results for dividend have significant impact on profitability of business. Conversely, however according to Phung and Mishra (2016) dividend have insignificant impact on performance of a firm. The variables used liquidity, investment, size of firm, and risk are statistically significant means they have an impact on business operation or profit. The result of positive significant effect of liquidity among performance of firm is in line with Phung and Mishra (2016) and significant influence of size of firm on company performance is consistent with (Al-Gamrh et al., 2020). Risk and investment have significant impact on return on asset, according to Panda and Leepsa (2019) both have a significant effect on ROA. Lastly, the no association of leverage with firm performance is constant with the research of (Yeh, 2019).

CONCLUSION

The research uses a panel estimation approach to consider the effect of ownership structure and dividend payout on profitability of corporation, for a time period of six years with 74 firms of KSE-100 index. The research tried to make it clear that there is an impact of ownership composition and dividend on performance of company with help of various theories like agency cost theory, dividend relevance theory, signaling theory and asymmetric information. The study makes few noteworthy supports for literature. When numerous studies go on to investigate the seriousness of problem related to agency theory, our research demonstrates that ownership structure and dividends have an impact on performance of firm, particularly among firms that operate primarily in emerging markets. Furthermore, the research findings suggest that in Pakistan, information asymmetric have a significant part to make an understanding that the distribution of dividend pattern behavior do have an impact on performance of firm. The dividend payout pattern although have an impact on the cash outflows of the firm but it leads to reduction of information asymmetry. The results reveal that the health of firm is improved, and value is enhanced when dividend is paid; in other words, dividend implies a good health reducing the risk and increasing the value of firm. This result is supported by the help of signaling theory. The dividend relevance theory that states the more the dividend the company pays the better the stock value means that when dividend is being paid by the firms the performance is impacted.

The research conducted to know the influence of dividend and structure of ownership on company performance will help the company in their decision making as they can improve their performance of firm. The investor can make his decision by viewing the ownership structure of firm that either it is included in foreign ownership, family ownership or institutional ownership as they will be able to know how it impacts the firm performance. The research can be helpful to the investor in the investing decision making so that they can have high returns from their investments and from the firms' point of view it will aid them in earning of high profit by knowing the impact of ownership type and payment of dividend on its profitability.

Furthermore, this research has some limitations as the scope of the study is limited because it is only looking on non-financial companies registered within Pakistan Stock Exchange so the outcomes in different countries will be varying from the results concluded in this research which means that the results are not applicable to others. Another limitation is that a short period of time was taken into consideration from 2015 to 2020, we are considering only three type of ownership structure to see the impact on firm performance. Lastly, financial performance is only being measured through one variable return on assets; there can be use of other variables that help in identifying the firm performance. It is recommended that total number of observations can be increased by taking data for longer time series. In future more types of ownership like block-holder ownership, managerial ownership, state ownership, etc. can be included to know that what is the impact of them on firm performance. Moreover, to measure financial performance more variables like tobins q, return on equity, can be considered so that better understanding of what is influence of dividend and ownership on profitability or performance of corporation can be understood. The results offer practical suggestions for the appropriate shareholding to improve business performance. Additionally, by understanding how ownership structure and dividend payout affect a company's performance, businesses can decide how to increase profitability.

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