EXAMINING THE EFFECT OF OWNERSHIP STRUCTURE ON FIRM FINANCIAL PERFORMANCE IN EGYPT

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Abstract

The study intends to ascertain the relationship between ownership structure and financial performance. As a result, research hypotheses were created and statistically tested using the deductive technique. Using the exchange's official websites, we searched for the fifty most active companies listed on the EGX between 2004 and 2019. The findings indicate the following; the first hypothesis that financial performance that managerial ownership and financial success are associated was disproved by the results. Contrary to the second supposition, institutional ownership has a strong positive correlation with financial success. The fourth hypothesis, which contends that free float ownership is related to financial performance, also yielded results that were comparable. The third theory, which proposed a

connection between block holder ownership and financial success, cannot be confirmed because of a multicollinearity problem.

Keywords: *Business Ownership Structure, Managerial Ownership, Institutional Ownership, Free Float Ownership, Return on Assets, Return on Equity, Tobin Q.*

1. Introduction

The financial success of businesses, markets, and organizations has a big impact on how prosperous a country's economy is. In developed countries, a great deal of study has been done on metrics for measuring corporate financial success. However, in developing countries and emerging economies, limited studies have been conducted due to the scarcity of micro-data, resulting in numerous research gaps in this field (Weche and Wagner, 2014).

Research has illuminated the operations of corporations under various ownership arrangements as well as the connections between these structures, their financial performance, and their market prices. Some studies have revealed that improved firm performance is significantly impacted by the ownership structure (Bayero and Bambale, 2017). Other studies have concluded a mixture of findings on both types of ownership, centered ownership, and diffused ownership by various shareholders (Aluchna and Kaminski, 2017).

The effectiveness of organizations is influenced by managers' motives, which makes business ownership structures important in corporate governance. The corporate ownership structure, which is

generally handled by top management, the CEO, and the BOD, is concerned with how power and return on investment are distributed. Therefore, the presence of strategic shareholders would facilitate efficient monitoring of corporate performance and management, mitigating agency issues and allowing them to reap the benefits of revenues (Arayssi et al., 2019).

The agency theory will be used in this study to fill a knowledge gap about how business ownership structure affects financial performance, success, sustainability, and value in developing nations like Egypt.

2. Literature Review

2.1Business Ownership Structure

The personal details of the shareholders, as well as how the shares are distributed in terms of votes and capital, determine a corporation's ownership structure. Understanding how shareholders interact with corporate management is crucial, as it forms the core concept of ownership structures. National culture, commercial practices, incentives, taxation, and variances in legal structures peculiar to each country can all have an impact on ownership structures. Different economic sectors may have various types of sustainable ownership structures, each contributing to the organization's competitiveness and overall well-being.

If a long-term ownership structure is not created, results could be completely at odds with what the shareholders want. As a result, this situation paints a picture in which the ownership structure is

considered as one of the most crucial variables in improving the organization's success. Because it reflects the characteristics of the owners and their holdings in the company, provides executive management with a tool for exerting control over and managing a varied organization, and reflects the characteristics of the owners, a key element of corporate governance is the ownership structure (Mili et al., 2019).

The ownership structure refers to how the various classes of shareholders are divided in terms of share ownership. The ownership structure refers to the groups that each control a portion of the company's capital. By dividing the overall amount of shares held by the company by the amount of shares owned by every category, it is possible to determine the percentage of ownership of each class. The study contends that the ownership structure indicates how the company's owners, who are linked by a legal system and common objectives, allocated ownership among themselves. In the ownership structure, a number of owners with varied objectives and interests pool their ownership interests (Reyna et al., 2012).

The link between financial performance and ownership structure has long piqued the curiosity of corporate finance academics. They highlighted the conflicting interests that exist between controllers and supervisors. They contend that as ownership disperses, shareholders' ability to influence management will decrease. According to them, shareholder

concentration and business success ought to be negatively correlated (Fazlzadeh et al., 2011).

In the next sections, the dimensions of ownership structure are discussed;

2.1.1 Managerial Ownership

In general, managerial ownership describes the ownership of a percentage of the company's stock by the management. Various criteria, however, have been employed in research to assess managerial ownership. One perspective suggests that higher managerial ownership can lead to better company performance and greater alignment between managers and owners. This is so that managers may allocate resources to long-term profitability and are less prone to slack off in fulfilling their duties. Directors are expected to work in the greatest interests of shareholders if they own a significant portion of the company's shares. Motive agreement is the term used to describe this convergence of motives and interests (Mustapha and Ahmad, 2011).

Although there is controversy over the link between managerial ownership and business success, management ownership can synchronize the objectives of owners and managers. The agency hypothesis states that because management and other shareholders' goals are well matched, a higher percentage of management ownership predicts a better firm value. It is less common for large shareholders to manipulate results to their benefit, to the detriment of other

stockholders. Shareholders are more inclined to think that a management's interests are in line with their own when it buys equity shares. Changes in the business environment, industry, a company's culture, and the personalities of its managers all have an impact on managerial ownership (Chu, 2011).

On the other hand, the second point of view claims that high levels of managerial ownership result in a reduction in corporate performance since managers who control a sizable percentage of the company's shares have more sway over it. They can pursue their interests merely as a result, disregarding the interests of other owners. Due to the owner's inability to fire underperforming managers, managers may become harder to oversee and feel less pressure as a result. This happens because of the existence of voting power, also known as the imposition of immunity, which is brought on by a high enough level of management ownership to guarantee the position's survival in the future (Moudud-Ul-Huq et al., 2020).

2.1.2 Institutional Ownership

Investors like banks knowns as financial intermediaries, are responsible for collecting funds from other investors with savings and directing them to facilities that need financing. So, it is defined as a financial intermediary that holds shares in numerous companies. Banks, insurance firms, investment banks, investment funds, and pension funds are some of these institutions. Comparatively, to individual investors, who are

generally thought to have little experience, financial institutions are thought of as investors with high ability and experience in obtaining and operating information, and they deal primarily based on factors not related to information (such as liquidity availability or speculation) (Lin and Fu, 2017).

Less money is moved about as the proportion of institutions owning businesses increases, and these institutions usually keep the money for a long period, allowing them plenty of time to comprehend the firm and make the best judgments. This ensures fairness among different stakeholders within the company. The circulation of capital reduces as the percentage of enterprises owned by institutions increases. These institutions typically hold onto capital for extended periods, allowing them sufficient time to comprehend the company's nature, its operations, and effectively fulfill a control role (Schmidt and Fahlenbrach, 2017).

2.1.3 block-holders' (large owners) Ownership

Because of the legal system and other constraints, the block holder and its role have altered. Dividend policy can be influenced directly by block holders, whereas capital structure policy can be influenced directly by managerial ownership. However, there may be more complex interaction effects that are plausible and probably much more likely. When a large stakeholder is present, for example, management is usually more accountable to the large controlling stakeholder, who will have significant influence over the company beyond the cash flow rights, rather than to shareholders. This could

potentially diminish, but not eliminate, the desire to take funds (Fauzi and Locke, 2012).

It is anticipated that block holder ownership will reduce agency costs. The relationship between the performance-based character of managerial compensation and block holder ownership is favorable, showing that the block holder monitoring function supplements incentive compensation schemes, reducing agency conflicts between shareholders and managers. Block holders lack the time and expertise necessary to serve as efficient monitors. There is no indication that the ownership of block holders' influences agency expenses (Binakeel, 2016).

2.1.4 Free Float Ownership

The increased free floats may help management in their efforts to improve operational efficiency and boost shareholder wealth. If there are more outstanding shares, more management information will be made available to the public, which could have an immediate negative influence on the company's performance (Eva and Claudia, 2018).

Shareholders with diverse ownership stakes, known as free-float shareholders, possess a strong motivation to monitor and oversee managerial decisions. Limiting management monitoring and control is essential due to the challenges of collective action among those owners and the possibility for issues, even while single shareholders engage in such action and pay lower agency costs than the norm. Despite the fact that they

may not directly oversee or control, individual shareholders who participate in collective action frequently experience lower agency costs than the average.

Since there is a difference, management might profit personally from it. A high free-float percentage is consequently associated with subpar business success. Countries such as the United States, which have historically had low levels of ownership concentration and rely solely on stock exchanges to route money, have a higher level of investor protection (Srivastava, 2011).

2.1.5 Foreign Ownership

The positive impact of foreign ownership in emerging and growing economies may persist, but its certainty is undermined by two factors. Firstly, the institutional frameworks of these countries often pose risks for foreign entities, counterbalancing the advantages of Foreign-Owned Enterprises (FOEs). Institutional weaknesses, for instance, can give rise to influential local businesses that operate under different structures and maintain connections with political elites distinct from those of FOEs (Carney et al., 2018).

Due to their insufficient integration into the regional institutional framework, FOEs may perform poorly. Additionally, many FOEs operating in developing countries may lack the specific resources required to achieve significant performance

improvements, particularly if they have originated from other emerging economies (Gammeltoft et al., 2010).

These benefits need to be protected throughout internalization. Internalization theory predicts that because of the poor institutions and market failures in the countries we analyze, FOEs will own the bulk of their FSAs outside of the country. This assertion is supported by the property rights principle, which holds that a company should have more control over its unique and transferable assets. This control facilitates the operation of internal capital markets while preventing asset theft (Driffield et al., 2016).

2.2 Financial Performance

Financial performance was defined by Bayero and Bambale (2017) as the primary result of an organization's operations and the most useful metric for gauging the efficacy of its initiatives. As a result, the company's health and survival are largely dependent on its financial performance. According to the same study, effective use of the corporation's resources and assets by management and shareholders leads to high financial success.

Companies faced a lot of challenges because of the opening up of the economy, the globalization of markets, and the focus on the goods and services being offered, this gives importance to the financial performance. The top priority of business professionals in all shapes and sizes of organizations has long been to use this knowledge as a driving factor for future investment decisions. This is leading to success to be a leader in

the market. The health of the organization and, ultimately, its survival are impacted by financial performance, which shows how effectively and efficiently management is using the resources. Business professionals have given this issue the highest attention for a very long time in all different kinds of organizations. This is what helps the economy of the entire nation (Almajali et al., 2012).

The theoretical and practical aspects have seen advancements in the field of finance. The search for the best use of this money focuses on financial flows. Attention was also directed toward managing financial flows and activities within organizations. Data that represents the institution's financial status is called financial performance. Financial reports are the vehicle used to convey information to the parties involved, and financial reports serve as a means to communicate relevant information to stakeholders, and the financial information within these reports must be accurate and reliable to facilitate informed decision-making (Cho et al., 2019).

2.3 The Relation between Business Ownership Structure and Firm Financial Performance

In their analysis, Fazlzadeh et al. (2011) looked at the firm's performance in relation to the ownership structure. Stock exchange in Tehran annual reports of 137 companies from 2001 to 2006 were utilized to compile the data. The investigation

revealed that ownership structure has a big impact on how listed companies perform on the TSE.

In their study, Ongore and K'OBONYO (2011) examined 54 Kenyan businesses that were listed on stock exchange between 2008 and 2012 in Nairobi. According to the study, a company's success is greatly impacted by the CEO's privacy, ownership identity management, concentration of ownership, and board effectiveness.

The link between ownership structure, board structure, and business success was investigated by Fauzi and Locke (2012). A sample of seventy-nine New Zealand-listed companies was obtained between 2007 and 2011. The results showed a strong connection between ownership structure, board makeup, and company success.

Kang and Kim (2012) examined the connection between organizational performance and ownership structure in a sample of Chinese-listed companies. The information was taken from a database of Chinese Listed Companies managed by the National University of Singapore Business School, which covered the period from 1994 to 2002. The findings demonstrated a noteworthy relationship between ownership structure and business success.

Corporate boards, ownership structure, and business performance were all examined by Mangena et al. in 2012. The companies listed on the stock exchange were examined using a panel between 2000 and 2005 in Zimbabwe. The findings demonstrated a strong relationship between an organization's ownership structure and corporate boards and success.

The financial performance of a corporation is correlated with the ownership structure, claim Wellalage and Locke (2012). Employing a panel data, the study analyzed a comprehensive dataset comprising companies from various industries in Sri Lanka. The findings indicated that business financial performance was significantly influenced by ownership structure.

Xin (2014) investigated how capital and ownership patterns affected the financial success of Vietnamese businesses. The data came from businesses that were listed between 2009 and 2012 on the Stock Exchange of Ho Chi Minh. According to the research, ownership structure, capital structure, and financial success are all related.

The association between a company's ownership structure and financial success was examined by Mutisya (2015). A sample of Nairobi Securities Exchange-listed companies' data was analyzed. The research discovered significant connections between ownership structure and monetary success.

Okewale et al. (2020) examined the profitability to the ownership structure of publicly traded Nigerian food and drink industries in Nigerian. Between 2010 and 2018, data on 30 firms that were listed on stock exchange were obtained. The findings demonstrated that Nigerian food and beverage enterprises' ownership structures considerably improved their financial performance. The study also found that return on equity was

significantly influenced by management, employee, and private ownership factors taken together.

Alkurdi et al. (2021) looked at how ownership structure and profitability were related to Jordanian companies. The sample consisted of 100 companies that were listed between 2012 and 2018 on the stock exchange. The study discovered that the Tobin's Q and return on assets (ROA) of the company are significantly and favorably impacted by institutional ownership.

Do et al. (2020) investigated the relationship between listed logistics companies' financial performance and ownership structures from 2015 to 2019 in Vietnam. The findings demonstrated that the listed logistics businesses under Vietnam's ownership structure had little to no financial impact. According to the research, management ownership, employee ownership, and private ownership all had comparable returns on assets, returns on equity, and returns on investment.

2.3.1 The Relation Between Managerial Ownership and Firm Financial Performance

Khamis et al. (2015) examined the connections between Bahraini company performance and the peculiarities of the ownership structure. All 42 of the companies in the study's sample had stock market listings between 2007 and 2011. The success of a firm is significantly influenced by institutional ownership, the study finds.

The relationship between the financial performance and ownership structure of Pakistani enterprises was examined by

Udin et al. (2017). In the study, 146 Pakistani public limited companies that were traded on the Karachi Stock Exchange between 2003 and 2012 were taken into account. The study found that ownership was substantially correlated with financial trouble, while foreign ownership was less strongly correlated.

From 2012 to 2018, Saidu and Gidado (2018) evaluated the impact of management ownership on the financial outcomes of publicly listed industrial enterprises in Nigeria. The study's findings suggested that managerial ownership had a significant, negative impact on Nigeria's industrial enterprises' financial performance.

The following hypotheses will be investigated and tested based on the literature review: the influence of managerial ownership on firm performance:

H1: Managerial Ownership is strongly related to the Firm's Financial Performance.

2.3.2 The Relation between Institutional Ownership and Firm Financial Performance

Li et al. (2006) looked at how institutional ownership affected the performance and governance of Hong Kong-based companies. Between 2003 and 2006, 433 Hong Kong publicly listed firms were analyzed. According to the research, institutional ownership promoted corporate governance.

Uwuigbe and Fakile (2012) evaluated how board size affected the financial success of Nigerian banks. Between 2010 and 2019, a sample of 20 publicly listed Nigerian banks was

analyzed. The board's size had a detrimental effect on the banks' financial performance.

According to Karasneh et al. (2019), corporate ownership and structure of capital have an impact on how well Jordanian companies do financially. The sample for the study consisted of 34 Jordanian real estate companies that were listed between 2015 and 2017 on stock exchange. The relationship between the financial structure and performance was favorable. Institutional ownership enhanced financial performance; the study also found.

Sakawa and Watanabel (2020) investigated how institutional ownership and company performance are related. Between 2010 and 2016, 2,500 companies registered on the Stock market in Jaban were investigated. According to the study, there is a strong link between corporate ownership and company performance.

Based on the research analysis, the following claim will be investigated and tested in the study: the impact of institutional ownership on business performance:

H2: Institutional Ownership is strongly related to Firm's Financial Performance.

2.3.3 The Relation between block holders (large owners) Ownership and Firm Financial Performance

Staff ownership and organizational effectiveness were the topics of Uedri and Hollandts' (2008) investigation. Between 2000 and 2005, the research looked at 230 French businesses. Ownership

by employees and organizational success were shown to be significantly correlated, according to the study.

On the stock exchange of Indonesia, Yuliani (2013) investigated the connections between block holders' ownership, the capital structure, and company value. The study sample consisted of 36 manufacturing companies registered on the IDX between 2006 and 2011. The findings demonstrated that the capital structure had a moderating effect on the connection between block holding ownership and business value.

Ibrahimy and Ahmad (2020) investigated how Malaysia, where ownership is highly concentrated and the legal environment is permissive, relates to block holder ownership and firm performance. From 2002 to 2008, 526 Malaysian non-financial listed firms were studied. The findings demonstrated that block holder ownership was connected with improved business performance.

According to the study's description, it will look into the relationship between block-holder ownership and business success and will test the hypotheses listed below:

H3: Block Holding owning 5% or more is strongly related to the Firm's Financial Performance.

2.3.4 The Relation between Free Float Ownership and Firm Financial Performance

Corporate governance characteristics and business performance were examined by Ongore and K'OBONYO (2011). The sample of the study included 54 firms that had been listed in the Nairobi

Stock Exchange (NSE) during 2008 and 2012. The results showed a favorable correlation between company performance and the effectiveness of the board, ownership identities, ownership concentration, and managerial discretion.

Talebnia et al. (2012) looked at the correlation between the Tehran Stock Exchange's (TSE) stock yield and free float rate. 200 companies that were listed on the TSE between 2005 and 2009 were the subject of the investigation. According to the analysis, there is no meaningful relationship between the stock yield rate and the free float rate.

Sailendra et al. (2019) looked into how Indonesian business performance was impacted by free float. The sample comprised 80 manufactures listed on the IDX between 2013 and 2016. The results showed that audit quality significantly improved company performance whereas free float had no appreciable impact.

In light of the above description, the study will examine the effect of free float ownership on corporate financial performance and evaluate the following hypotheses:

H4: Free Float Ownership is strongly related to Firm Financial Performance.

3. Research Methodology

The purpose of this research is to demonstrate a relationship between an organization's ownership structure and its financial performance. In order to apply the empirical study of this research, the researcher uses secondary data collected from the

Egyptian Stock Market to assess and support the research strategy and data collection methods. The fifty most active businesses on the Egyptian stock exchange market are represented in this data. While nine of these fifty companies were not permitted to participate in any way during the study's duration and were therefore ignored, the remaining forty-one companies participated in the analysis, resulting in a final sample that had 656 observations. Understanding how corporate ownership structure affects financial performance from 2004 to 2019 is the main objective of the current study.

The financial performance dimensions are measured in this study through some equations, which are represented by: (Kadar and Rikumahu (2017); Singh et al. (2018)).

The following equation represents the return on assets (ROA);

$$\text{ROA} = \frac{net\ profit\ after\ tax}{total\ assets}$$

The following equation represents the return on equity (ROE);

$$\text{ROE} = \frac{net\ profit\ after\ tax}{shareholder's equity}$$

The following equation represents Tobin'Q;

$$\text{Tobin Q} = \frac{\textbf{Ratio of market value of firm to book value of assets (Market value of Equity+ Book value of Debts)}}{\textbf{Book Value of Total Assets}}$$

In this study, four variables—management ownership, block holding ownership of 5% or more, institutional ownership, and free float ownership—were used to assess the ownership structure of the company (Soliman, 2013; Srivastava, 2011):

- Managerial ownership is when every board member owns an interest in the company (Tian et al., 2011).
- According to the sharing structure depicted in the company's annual reports, this type of ownership is based on the number of outstanding shares a corporation had at the end of its fiscal year (Tahir, 2015).
- Block holding with 5% or more ownership: both the presence of an institutional block holder and an individual block holder with at least a 5% interest (Bodenhorn, 2013).
- Free float ownership: This is the overall ownership after taking off the ownership of the government, businesses, important personnel, and other strategic investors. In other words, it is the percentage of all shares that are available for public sale (El-Nader, 2018).

  Following is how they are measured in respect to the control variables (firm age, size, and leverage):
- The entire asset value's logarithm was used to compute the business size (Shakibaee et al., 2014).
- The firm age is the period of time between the company's IPO and the date being considered (Shakibaee et al., 2014).
- Leverage: leverage uses the debt-to-equity ratio with the following formula (Perbankan, 2021):

$$\textbf{Debt to Equity Ratio} = \frac{\textbf{Total Debt}}{\textbf{Total Shareholders Equity}}$$

The following table displays the formulae used to calculate the research variables and their sources:

Table 1: Equations for Computing Research Variables

Variable	Equation	Reference
Managerial ownership	the stake is owned by all board members	Tian et al., 2011
Institutional ownership	The shareholding pattern that exists in the annual reports of the firms	Tahir, 2015
Block holding owning 5% or more	an individual block holder with at least a 5% stake and the presence of an institutional block holder with at least a 5% stake	Bodenhorn, 2013
Free float ownership	the fraction of the total shares available for trade to the public	El-Nader, 2018
ROA	$\frac{net\ profit\ after\ tax}{total\ assets}$	Kadar and Rikumahu, 2017
ROE	$\frac{net\ profit\ after\ tax}{shareholder'sequity}$	Kadar and Rikumahu, 2017
Tobin Q	$\frac{\text{The ratio of the market value of the firm to the book value of assets (Mark}}{\text{The book Value of Total Assets}}$	Singh et al., 2018
Firm size	Using the logarithm of the total asset value, the size of the company has been calculated.	Shakibaee et al., 2014
Firm age	From the moment the company was listed on the stock exchange until the study's start date	Shakibaee et al., 2014
Leverage	$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Shareholders Equity}}$	Perbankan, 2021

Accordingly, the research variables could be represented as the following;

Independent Variables: Business Ownership Structure (Managerial Ownership (MO), Institutional Ownership (IO), Block Holding Owning 5% or more (BHO), and Free Float Ownership (FFO)).

Dependent Variables: Financial Performance (ROA, ROE, and Tobin Q).

Control Variables: firm size, age, and leverage

Thus, the current research framework could be expressed using

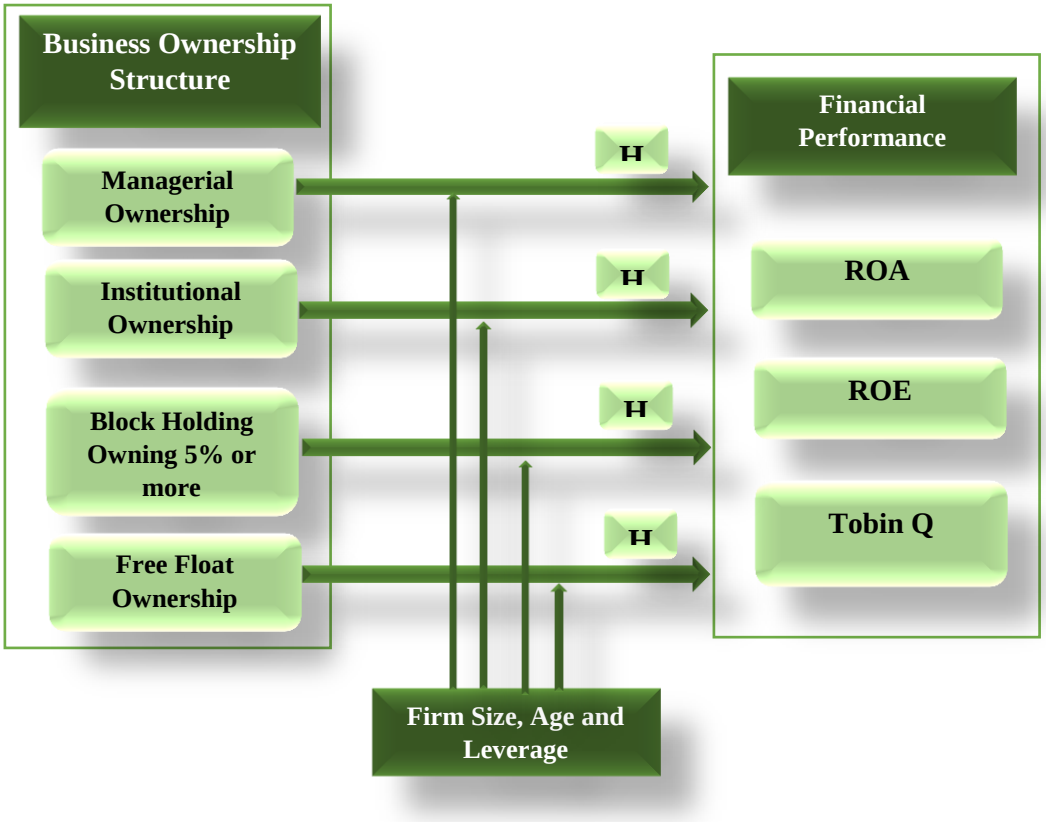

Figure 1.

Figure 1: Research Framework

Thus, the research hypotheses could be stated as follows:

H1: MO is strongly related to the Firm's Financial Performance.

H1.1: MO is strongly related to ROA.

H1.2: MO is strongly related to ROE.

H1.3: MO is strongly related to Tobin Q.

H2: IO is strongly related to Firm's Financial Performance.

H2.1: IO is strongly related to ROA.

H2.2: IO is strongly related to ROE.

H2.3: IO is strongly related to Tobin Q.

H3: BHO is strongly related to the Firm's Financial Performance.

H3.1: BHO is strongly related to ROA.

H3.2: BHO is strongly related to ROE.

H3.3: BHO is strongly related to Tobin Q.

H4: FFO is strongly related to Firm Financial Performance.

H4.1: FFO is strongly related to ROA.

H4.2: FFO is strongly related to ROE.

H4.3: FFO is strongly related to Tobin Q.

H5: In the relationship between free float ownership and company financial performance (ROA, ROE, and Tobin'Q), mediator variables (firm size, age, and leverage) play an important role.

H5.1: The role of mediator variables in the relationship between FFO and financial performance is investigated.

H5.2: The role of mediator variables (firm size, age, and leverage) in the relationship between MO and financial performance is investigated.
H5.3: The role of mediator variables in the relationship between IO and financial performance is investigated.
H5.4: The role of mediator variables in the relationship between BHO and financial performance is investigated.

4. Data Analysis and Findings

This part includes interpretations of the hypotheses that were tested and confirmed in the previous portion of the research as well as the findings and conclusions from that component.

4.1Descriptive Analysis

The research variables' means, standard deviations, and lowest and maximum values are displayed in Table 2. The mean values are 0.052894, 0.204201, 0.557393, 0.341754, 8.016000, 18.953587, and 1.612704, respectively, as shown in the table. The respective standard deviations (measures of how far the data deviates from the mean) are 0.1022402, 0.2809006, 0.2655079, 0.2112536, 8.3811698, 30.5079203, and 1.3169918.

0.0000 and 0.6269 are the minimum and maximum numbers for management ownership, respectively. Institutional ownership numbers range from 0.0000 to 1.0000, respectively. The lowest and maximum block holder ownership values are 0.0000 and 1.0000, respectively. The lowest and maximum free float ownership values are 0.0000 and 0.9669, respectively. The

lowest ROA is 0.0000 and the highest is 69.5308. The lowest ROE is 0.0000 and the highest is 555.3721. The range of Tobin Q values is 0.0000 to 17.7324.

Table 2: Descriptive Analysis for Research Variables

	Min.	Max.	Mean.	Std. Dev.
Managerial	.0000	.6269	.052894	.1022402
Institutional	.0000	1.0000	.204201	.2809006
Block Holder	.0000	1.0000	.557393	.2655079
Free Float	.0000	.9669	.341754	.2112536
ROA	.0000	69.5308	8.016000	8.3811698
ROE	.0000	555.3721	18.953587	30.5079203
Tobin Q	.0000	17.7324	1.612704	1.3169918

4.2Testing the Hypothesis

A small and inconsequential correlation between MO and ROA, ROE, and Tobin'Q may be seen in Table 3. The results show that management ownership and business financial success have a tenuous and inconsequential relationship. Institutional ownership was strongly connected with ROE, ROA, and Tobin' Q. In light of this, the findings of Hypothesis 2 indicate a strong association between IO and corporate success. This variable (BHO), which has a multicollinearity issue, was left out of the model. The results demonstrate a strong and negative correlation between ROA, ROE, Tobin’ Q, and FFO. Additionally, the results show a bad correlation between free float ownership and company financial success.

As is evident, the influence of log age on the relationships between FFO and ROE, ROA, and Tobin' Q is minimal. It can be

shown that there is little correlation between leverage and either free float or ROA. On the other hand, Tobin' Q discovers a strong correlation between leverage and FFO as a mediator between free float and ROE. Log Assets (size) play an important role as a mediator between free float and ROA. On the other hand, there is an insignificant relationship between Log Assets (size) as a mediator between free float and ROE, Tobin' Q. The effect of log age as a mediator between management ownership and ROE, ROA, and Tobin' Q is negligible. As can be observed, management ownership has a minor association with Tobin 'Q but a considerable relationship with ROA and ROE when leverage is used as a mediator.

As can be observed, the association between management ownership and ROE is poor, however the relationship between log assets (size) and managerial ownership and ROA is strong. Tobin'Q discovers a moderate link between MO and ROE and a substantial relationship between managerial ownership and ROA when log age is used as a mediator. As can be shown, institutional ownership has a minor link with Tobin'Q but a large association with ROA, ROE, and leverage as a mediator. As can be shown, Log Assets' (size) role as an intermediary between IO and ROA, Tobin'Q and ROE is quite minor. As observed, log age serves as a negligible intermediary between BHO and Tobin'Q, ROA, and ROE. Leverage bridges the gap between ROA, ROE, and Tobin'Q and block holder ownership. As seen, there is a

substantial link between Log Assets (size) and ROA according to Tobin'Q, but only a modest association between ROE and ownership of block holders.

Table 3: Results of the Regression Analysis

Variable	Beta value	t-value	Sig.
ROA[a] and Managerial Ownership	-0.46	-0.813	0.417
ROE[b] and Managerial Ownership	1.364	0.65	1.168
Tobin Q[c] and Managerial Ownership	-0.62	-1.106	0.270
ROA[a] and Institutional Ownership	0.260	4.802	0.000
ROE[b] and Institutional Ownership	0.149	2.689	0.008
Tobin Qc and Institutional Ownership	0.175	3.172	0.002
ROA and free float Ownership	-0.280	-5.207	0.000
ROE[b] and free float Ownership	-0.199	-3.613	0.000
Tobin Q[c] and free float Ownerships	-0.191	-3.476	0.001
Free Float for ROA	-.362	-1.568	.117
Log Age for ROA	-.150	-1.856	.064
F.A for ROA	.200	.808	.420
Free Float for ROE	-.400	-1.718	.086
Log Age for ROE	-.140	-1.713	.087
F.A for ROE	.281	1.126	.261
Free Float for Tobin' Q	-.226	-.990	.323
Log Age for Tobin' Q	-.039	-.494	.622
F.A for Tobin' Q	-.021	-.085	.933
Free Float	-.160	-3.810	.000
Leverage	.108	1.093	.275
F.L for ROA	-.155	-1.540	.124
Free Float	-.264	-8.355	.000
Leverage	-1.367	-18.378	.000

Variable	Beta value	t-value	Sig.
F.L for ROE	.889	11.706	.000
Free Float	-.290	-7.147	.000
Leverage	-.012	-.130	.897
F.L for Tobin' Q	.204	2.083	.038
Free Float	-1.483	-2.695	.007
Size	-.173	-2.534	.012
F.S for ROA	1.259	2.341	.020
Free Float	-.132	-.237	.812
Size	.060	.872	.383
F.S for ROE	.002	.003	.997
Free Float	-1.208	-2.225	.026
Size	-.164	-2.428	.015
F.S for Tobin' Q	.920	1.736	.083
Managerial	.222	1.158	.247
Log Age	-.082	-1.803	.072
M.A for ROA	-.199	-1.047	.296
Managerial	.114	.590	.555
Log Age	-.058	-1.273	.204
M.A for ROE	-.099	-.516	.606
Managerial	.156	.810	.418
Log Age	-.049	-1.081	.280
M.A for Tobin' Q	-.182	-.954	.340
Managerial	.057	1.442	.150
Leverage	.248	2.635	.009
F.L for ROA	-.320	-3.394	.001
Managerial	.021	.697	.486
Leverage	-1.151	-15.585	.000
F.L for ROE	.636	8.587	.000
Managerial	-.018	-.471	.638
Leverage	.218	2.322	.021
F.L for Tobin' Q	-.064	-.680	.497
Managerial	-2.213	-3.207	.001
Size	-.070	-1.530	.127
M.S for ROA	2.266	3.269	.001
Managerial	-.400	-.578	.564
Size	.081	1.757	.079

Variable	Beta value	t-value	Sig.
M.S for ROE	.417	.598	.550
Managerial	-.557	-.800	.424
Size	-.011	-.239	.812
M.S for Tobin' Q	.545	.779	.436
institutional	.745	4.497	.000
Log Age	-.016	-.340	.734
I.A for ROA	-.481	-2.871	.004
institutional	.029	.167	.867
Log Age	-.067	-1.322	.187
I.A for ROE	-.028	-.161	.872
institutional	.142	.812	.417
Log Age	-.043	-.863	.389
I.A for Tobin' Q	-.132	-.745	.457
institutional	.402	8.794	.000
Leverage	.249	3.659	.000
I.L for ROA	-.319	-4.527	.000
institutional	-.109	-2.758	.006
Leverage	-.678	-11.524	.000
I.L for ROE	.123	2.021	.044
institutional	.017	.348	.728
Leverage	.123	1.726	.085
I.L for Tobin' Q	.050	.675	.500
institutional	-.043	-.077	.939
Size	-.042	-.909	.364
I.S for ROA	.334	.590	.555
institutional	.584	1.001	.317
Size	.126	2.614	.009
I.S for ROE	-.599	-1.020	.308
institutional	.963	1.647	.100
Size	.048	.993	.321
I.S for Tobin' Q	-.956	-1.624	.105
Block holder	-.054	-.264	.792
Log Age	-.187	-1.914	.056
B.A for ROA	.191	.844	.399
Block holder	.221	1.075	.283
Log Age	-.037	-.374	.709

Variable	Beta value	t-value	Sig.
B.A for ROE	-.097	-.429	.668
Block holder	.135	.666	.505
Log Age	-.107	-1.109	.268
B.A for Tobin' Q	.087	.387	.699
Block holder	.072	1.671	.095
Leverage	-.299	-2.439	.015
B.L for ROA	.278	2.255	.024
Block holder	.261	8.105	.000
Leverage	.406	4.403	.000
B.L for ROE	-1.032	-11.134	.000
Block holder	.265	6.402	.000
Leverage	.484	4.081	.000
B.L for Tobin' Q	-.336	-2.819	.005
Block holder	2.073	4.005	.000
Size	.272	3.289	.001
B.S for ROA	-2.023	-3.796	.000
Block holder	.444	.854	.394
Size	.125	1.500	.134
B.S for ROE	-.333	-.622	.534
Block holder	1.363	2.659	.008
Size	.137	1.676	.094
B.S for Tobin' Q	-1.186	-2.247	.025

Therefore, the regression equations could be written as follows:

ROAit= 0.020114 -0.46*Moit

ROEit= 0.009590 + 1.168 *MOit

Tobin'Q it= 0.470604 – 0.62 *MOit

ROA it= 0.505544 + 0.260 *IO it

ROE it= 0.371118 + 0.149 *IO it

Tobin'Q it= 0.518806 + 0.175 *IO it

ROAit= 0.020490 -0.280*FFOit

ROEit= 0.013451 -0.199*FFOit

Tobin'Q it= 0.013451 -0.191*FFOit

Where:

MO: Managerial Ownership

IO: Institutional Ownership

FFO: Free Float Ownership

i: Company

t: Time

5. Discussion and Recommendations

This section contains a discussion, recommendations, limitations, and suggestions for the research's main findings.

5.1Research Discussion

H1: Managerial Ownership is strongly related to the Firm's Financial Performance

When examining the link between MO and financial performance, a P-value of less than 0.05 showed that there was no correlation between MO and ROA. Furthermore, a P-value greater than 0.05 denotes the absence of a significant correlation between MO and ROE. Last but not least, when the P-value is more than 0.05, there is no association between MO and Tobin Q.

The aforementioned findings indicate that the first hypothesis is unfounded. Using the aforementioned data as a foundation, the conclusions agree with Khamis et al. (2015). Khamis et al. (2015) used 42 firms that were listed on the

BSE between 2007 and 2011 as a sample. On the other hand, the results support Saidu and Gidado's (2018) conclusions.

H2: Institutional Ownership is strongly related to Firm's Financial Performance

A favorable connection between IO and ROA was demonstrated by the simple linear regression with coefficients > 0 and P-values > 0.05. The research discovered a tendency in favor of IO and ROE, with coefficients greater than zero and P-values lower than 0.05. Finally, the data showed that IO and Tobin Q had a link with coefficients larger than zero and P-values greater than 0.05.

The findings from the preceding data entirely support the second hypothesis. Based on the data presented above, the findings are consistent with those of Uwuigbe and Fakile (2012), Khamis et al. (2015), and Karasneh et al. (2019).

H3: Block Holding owning 5% or more is strongly related to the Firm's Financial Performance

Using a straightforward linear regression analysis, the interaction between FFO and financial performance was looked at. The outcomes were negative, with regression coefficients less than 0 and P-values greater than 0.05. ROA and free float ownership are related. In contrast, there is a negative sign when the P-values < 0.05 and the coefficients < 0. ROE and free float ownership are related. Additionally, there is a negative sign when the P-values < 0.05 and the coefficients < 0. link between Tobin Q. and free float ownership.

The third hypothesis is entirely supported by the findings from the previous data. The outcomes are consistent with Galal and Soliman's (2017) and Sailendra et al.'s (2019) findings.

The fifth hypothesis has four sub-hypotheses;

H5.1: The role of mediator variables in the relationship between free float ownership and financial performance is investigated.

It can be observed that the link between free float and ROA, ROE, and Tobin' Q is somewhat mediated by log age. Leverage's role as a mediator between free float and ROA can be considered to have little significance. Leverage, on the other hand, plays an important role as a mediator between free float and ROE, Tobin' Q. As a mediator between free float and ROA, Log Assets (size) can be demonstrated to have a substantial relationship. On the other hand, it can be demonstrated that Log Assets (size) as a mediator between free float, ROE, and Tobins' Q have a negligible relationship.

H5.2: The role of mediator variables in the relationship between managerial ownership and financial performance is investigated.

ROE, Tobin'Q, and log age have very little of an effect as a mediator between managerial ownership and ROA. Management ownership, as demonstrated, has a substantial link with ROA, ROE, and leverage as a mediator, but no correlation with Tobin' Q. In order to mediate the link between MO and ROE, ROA,

and Tobin' Q, log assets (size), as proven, are extremely important. As can be shown, management ownership has a considerable association with ROA through log age as a mediator but a negligible relationship with ROE and Tobin' Q.

H5.3: The role of mediator variables in the relationship between institutional ownership and financial performance is investigated.

IO has a small association with Tobin'Q when leverage is employed as a medium, but a large relationship with ROA and ROE. As can be shown, the situation is unaffected by Log Assets' (size) function as a middleman between IO and ROA, ROE, and Tobin'Q.

H5.4: The role of mediator variables in the relationship between block holder ownership and financial performance is investigated.

BHO has no appreciable impact on ROA, ROE, or Tobin'Q, as shown by the use of log age as a mediator. Leverage bridges the gap between ROA, ROE, and Tobin'Q and block holder ownership. As can be observed, there is a strong correlation between Log Assets (size) and ROA, Tobin'Q, and a weak correlation between ROE and BHO.

According to the above results, the fifth hypothesis which is **" In the relationship between free float ownership and company financial performance, mediator variables play an important role "** is partially supported.

The findings are compatible with those of because of the aforementioned findings.\ (Phung and Hoang, 2012; Chen and Yu, 2012; Fauzi and Locke, 2012; Vo and Phan, 2013; Isakov and Weisskopf, 2014; Lopez-Valeiras et al., 2016; Wati et al., 2019).

5.2Research Recommendations

This section shows some recommendations to decision-makers on points;

- The study recommends emphasizing institutional ownership because it has been demonstrated to enhance business financial performance, particularly in difficult economic circumstances. Therefore, the adoption of this ownership structure will boost organizations' efficiency and profitability, especially in trying times.
- To make intelligent decisions and improve organizational and financial performance, the researcher advises decision-makers to focus on having a large number of resources, talent, and research capabilities that are consistent with institutional ownership.
- The researcher suggests that decision-makers and managers of businesses give the other two types of business ownership structure (managerial ownership and free float ownership) another chance because they may be useful and effective for corporations and may aid in improving financial performance. However, it must be taken into account that

these two types may not be able to perform at their peak levels, especially in the case of managerial ownership.

Also, some recommendations for researchers in points;

- The study advises placing more emphasis on the independent factors, citing firm ownership structure as a crucial factor to enhance financial performance.
- The researcher advises conducting additional research on how institutional ownership affects an organization's financial and non-financial performance.
- The researcher also suggests investigating additional facets of business governance and ownership structure that can affect financial success.
- Another suggestion made by the researcher for future research is the use of methods other than secondary data collection. As a result, the researcher advises designing future studies to gather primary data through the use of questionnaires or focus groups.

5.3 Research Limitations and Suggestions for Future Research

There are several restrictions on this research, and the following restrictions and recommendations are listed:

- The research sample was restricted to the top 50 businesses listed on the EGX, which was the first sampling restriction. The researcher proposes conducting more study on a bigger sample during the same time period.

- The second drawback is the timing, as the study only included data on businesses from 2004 to 2019. The researcher proposes that longer periods should be used in future studies to draw conclusions about the differences between different times and to distinguish between the crisis period and other regular periods.
- The study's ability to look at specific variables is likewise limited. The researcher advises including more independent variables to examine how they affect the dependent variable.
- The issue of multicollinearity of block holdings owning 5% or more (because the VIF was greater than 10) is another barrier the study encounters. Therefore, the multicollinearity issue was resolved when the researcher eliminated this variable.

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