
EFFECT OF OWNERSHIP STRUCTURE ON CASH HOLDING OF QUOTED AGRICULTURAL AND MANUFACTURING FIRMS IN NIGERIA

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ABSTRACT

This paper investigates the effect of ownership structure on cash holding of quoted agricultural and manufacturing firms in the Nigerian Exchange Limited (“NGX” or “The Exchange”). It employed block ownership and foreign ownership as the proxy for ownership structure, while cash and cash equivalents are the proxy for cash holding. Two research questions and two research hypotheses were formulated for the study. Secondary sources of data were used. The study adopted ex-post-facto research design. The study used panel data collected between 2009-2021 annual financial reports of 13 agricultural and manufacturing firms in Nigeria. The data collected were analyzed using multiple regressions, however; preliminary analysis like descriptive statistics and correlation analysis were also done to ascertain the normality of the data and check for the presence of multi-co linearity. The hypotheses were tested using panel fixed and random effect regression analysis. The finding shows that foreign ownership has positive, but insignificant effect on cash holding while block ownership has positive and significant effect on cash holding of the agricultural and manufacturing firms in Nigeria. The study, therefore, recommends that Block ownership structure should be highly recommended among Agricultural and manufacturing firms in Nigeria as this was found to have a positive and significant influence on cash holdings of such firms in Nigeria.

Keywords: Ownership Structure, Cash Holding, Agricultural Firms, Manufacturing Firms, Pool OLS regression

1.0 Introduction

Cash as one of the major assets of a firm, receives much attention from companies, shareholders, and other stakeholders. A firm could have enough of other assets on its statement of financial position, but may still run out of cash, resulting in technical bankruptcy or loss of valuable growth opportunities (Hamid, Shafiq, Gouhar & Alam 2012). The decision of the actual amount of cash to be kept by a firm is always a critical issue. It has been observed that there is incessant conflict between the management and shareholders especially ownership structure on the amount of cash kept by a firm to make payment to the owners/shareholders (Lingesiyar, 2017).

Shahab, Muhammad and Muhammad (2021) opined in an argument that the presence of large shareholders may enhance internal monitoring and reducing the risk of appropriating private benefits by the controlling owners through the diversion of firm's cash reserves, which can lead to higher firm valuation. Managing cash and near cash, which is the focus of shareholders for solvency of the business is a very important decision for the management because it is used for operating activities in the firm (Megginson, Barkat, & Zuobao 2014). Hamid et al (2012) argued that the more ownership structure of a company, the more the management will hold more cash balance to be liquid enough and lower chance of bankruptcy. According to Chen, Sadok, Omrane and Robert (2015), the relationship between ownership structure and firm's cash holding is important because of the changes in the ownership structure around the world as an effort to rescue firms following the recent financial crisis. Ownership structure is a situation whereby a group of people or organizations have rightful possession or legal control of property or shares of a company. It should be noted that multiple ownership is proxy by institutional ownership, block ownership and foreign ownership.

Block holders is another important aspect of multiple ownership that may affect cash holdings. Shareholders that control large blocks of firms' shares can play important role in determining the amount of cash kept by a company (Darja & Johansson 2009).

Another form of ownership structure is foreign ownership. Examining the relationship between foreign ownership and firms' cash holdings is very interesting in its own merit (Xuan 2018). Rehman and Kyoko (2015) argued that increased stock owned by foreign shareholders affects companies' value through its impacts on the strategic managerial decisions that have direct relationship with the use of firms' resources.

Holding cash can positively or negatively affect the level of firm performance as a result of the cost implication. Holding excessive cash has opportunity cost and having less cash can lead to working capital problem which if not properly managed can result to liquidity.

However, despite the importance of having balanced cash holding policies, most firms often depend on overdraft to meeting their cash shortage. This can increase their total operating cost and consequently impact negatively on their performance (Ardita & Alba 2016). According to Lingesiya (2017), the cash holding policy of firm depends largely on the ownership structure as some director are risk lover while others are risk averse.

Ownership structure can affect some policies of the firm through the governing board. Hence the diversity of ownership can bring divers view to decision making and policy formulation. This can also result to negative impact on the firm as a result of divergence in decision making. The amount of assets held as cash and cash equivalent by firm is part of the policy made by the board. Board with director having high risk appetite will tend to hold less cash

despite its implication while a board with high proportion of risk adverse director will want to play safe by holding larger amount of cash despite its attendant cost effect. This will affect the cash holding policy of the firm.

The main objective of this study is to examine the effect of Ownership structure on Cash Holdings. The specific objectives include:

1. To determine the effect of Block Ownership on Cash Holding of the agricultural and manufacturing firms in Nigeria.
2. To ascertain the effect of foreign ownership on cash holding of the agricultural and manufacturing firms in Nigeria.

2.0 REVIEW OF RELATED LITERATURE

Cash Holdings: This is the amount of cash and cash equivalents kept by a firm at a given period of time. Cash comprises cash at hand, cash at bank and other cash equivalents (Ikueze & Egungwu 2017). Idekulim (2014) described cash and cash equivalent as cash and other items that are readily convertible to known amounts of cash or that can be converted into known amounts of cash within a short period of time. Ardita and Alba (2016) argued that cash holding can be seen as cash at hand which is available for purchase of other physical assets and to make payment to shareholders.

Ownership Structure: Refers to several ownership by group of people or organizations. It is a situation where property or shares of a company is owned by a group of people or organizations. Al-Janadi (2021) noted that investors value higher holdings in firms with ownership structure, whose presence brings valuable internal monitoring, this in turn, can positively impact on the level of cash holdings. Multiple large shareholders improve internal monitoring and reducing the risk of appropriating private benefits by the controlling owner through the diversion of firm's cash reserves, which will translate into higher firm valuation. Ownership structure is measured with institutional ownership, block ownership and foreign ownership.

Block Ownership: A shareholder with an exceptionally large amount or value of stock. Block ownership is also a situation whereby two or more shareholders other than family, state, foreigners and institutions jointly own up to 5% of the total shares of a firm. Shareholders that control large blocks of a corporations share can play a critical role in governance.

Foreign Ownership: This is the number of shares held by foreign investors. Hamid et al (2012) argued that foreign ownership is the firm's ownership of shares held by foreign shareholders. They also stated that foreign ownership is the firm's capital investments from outside the country. Tiago (2016) stated that foreign ownership is the equity holdings of mutual and pension funds, investments banks, financial institutions, insurance funds, private equity funds, sovereign wealth funds, foundations and hedge funds from non-citizen of the country. Foreign Ownership can occur when a domestic property is purchased by foreign individuals. Foreign Ownership occurs when multinational corporations that do business in several countries make long-term investments in a foreign country, usually in the form of foreign direct investments or acquisition.

Theoretical Framework

This study is anchored on shareholders theory. The shareholders theory was propounded by Friedman in 1970. The theory believes that the only responsibility of business is to use its resources to engage in activities designed to increase its profits as long as it stays within the rules of business, which is to say, engages in open and free competition devoid of deception or fraud. He further stated that the only social responsibility of any corporation is to maximize shareholders wealth.

Alberto and Mirella (2007) stated that as long as the business belongs to shareholders, therefore business must be done in their interest. So the main aim of management should be to maximize the shareholders wealth. Daniel and Aseem (2004) noted that shareholders theory by Friedman means that the management of business should run the business to maximize cash flow to shareholders, which entails maximizing revenue, minimizing cost, reducing risk.

Darlene (2004) interpreted the Friedman's view of business to mean that the executive or managers should be making more money or cash for the employers (i.e. shareholders) than spending it. This is the theory in which the study anchors.

This theory is relevant to this study because of the effect of cash holding on shareholders' wealth maximization. If a firm runs out of cash, it can result to temporary bankruptcy or external borrowing with high rate of interest, thereby reducing the amount of cash to be paid to shareholders. Moreover, if a firm runs into shortage of cash, it can reduce the purchasing reputation or credit worth of the firm which will reduce the profitability of the firm.

The shareholders theory believes that the only reason for a firm to be operating is to maximize the wealth of its shareholders. The theory sees shareholders wealth maximization as the only aim of business. Cash holding policy has double edge effect on the wealth maximization objective of firm, as the cost associated with cash holding can positively or negatively affect the cash holding. The cost savings associated with optimal cash holding policy can positively affect the wealth maximization while the cost of cash shortage can negatively affect the wealth maximization objective.

Empirical Review

Hamid et al (2012) examined corporate ownership structure and firm excess cash holdings: evidences from emerging markets, Pakistan, using sample data randomly collected for the 180 firms listed in KSE- All index for the time period of eight years ranging from 2003 to 2010. Pooled Ordinary least square was used to analyze this study. The research result showed that firms with higher institution ownership have high amount of cash holdings. Firm managerial ownership is negatively related with the cash holdings. Higher the amount of block holders the lower will be the cash kept by the firm due to strong monitoring mechanism of the block holders. There is negative relationship between the cash holdings with foreign ownership.

Kaveh and Zahra (2016) examined the impact of ownership structure on the level of companies' cash holdings. Ownership structure was categorized into four types: institutional ownership, managerial ownership, corporate ownership and foreign ownership. The study used 96 companies listed in Tehran stock exchange from 2004 to 2013. Data collected from the annual financial statements of the firms were analyzed using panel multiple regressions. The findings revealed that institutional, managerial and foreign ownership have positive and

significant impact on the level of cash holdings, while corporate ownership has no significant impact on firms' cash holdings.

Jing, Steve, Matsunaga, and Jay (2014) examined how block holdings by different kinds of institutions affect the value of firms' Cash holdings. The study was conducted using 48 non-financial firms in China. Data were collected from Thomson Reuters financial dataset between 1992 and 2010. Panel data regression was used for data analysis. The finding revealed that block ownership is negatively related to the marginal value of cooperate cash holdings of a firm.

Hamid et al (2012) noted that higher the amount of block holders the lower will be the cash kept by the firm due to strong monitoring mechanism of the block holders. Ardita and Alba (2016) stated that block ownership significantly affect the cash holding decisions of non-financial firms.

Xuan (2017) studied the relationship between Foreign Ownership and corporate cash holdings. The study was conducted using non-financial firms listed on the Ho, China city stock exchange for the period of 2007 to 2015. Data collected from the Vietstock database in Vietnam were analyzed using different kinds of econometric techniques for panel data. The research finding showed that foreign ownership is associated with more companies' cash holdings (ie there is positive and significant relationship between Foreign Ownership and companies' cash holdings. This finding suggest that foreign share holders in the Vietnam stock market are subject to precautionary motive and agency motive forcing firms to keep more cash.

Tiago (2018) studied the effect of foreign ownership on corporate cash holdings. The study was conducted using 23 non-financial firms in UK between 2006 and 2015. The data collected from Osiris database were analyzed using descriptive statistics and regression analysis. The results showed that foreign institutional ownership has a negative effect on cash holdings of firms.

Therefore, based on the above cited literature, we stated the following null hypotheses for this study;

- Ho1:** Block ownership does not have significant effect on cash holding of the agricultural and manufacturing firms in Nigeria.
- Ho2:** Foreign ownership does not have significant effect on cash holding of the agricultural and manufacturing firms in Nigeria.

METHODOLOGY

The study adopted ex-post-facto design because it sought to analyze with the available data. The study was carried out using agricultural and manufacturing firms in the Nigerian Exchange Limited ("NGX" or "The Exchange"). The study used secondary data collected from selected agricultural and manufacturing firms quoted in the Nigeria Stock Exchange between 2009 and 2021. The population consists of five (5) firms under the agricultural sectors and twenty-one (21) manufacturing firms quoted in the NGX. The non-financial firms in NGX were listed under nine different sectors

The study used all the 5 firms under the agricultural sector and 8 selected manufacturing firms in Nigeria, using firms with block and foreign ownership as the basis for the selection of the agricultural and manufacturing firms used for the study. Hence, the sample size of 13

firms with the above ownership structure, listed under the agricultural and manufacturing companies in the NGX. The secondary data collected was analyzed using descriptive statistics, correlation and fixed and random effect regression analysis.

Model Specification

The model used in this study is expressed thus;

$$CASHH_{it} = \beta_0 + \beta_1 BOWNER_{it} + \beta_2 FROWNER_{it} + \varepsilon_{it} \dots \dots \dots (1)$$

Where,

CASHH=Cash holding.

BOWNER=Block ownership.

FROWNER=Foreign ownership.

β_0 =Constant.

β_1 β_4 =Coefficient of the variables.

I = Cross section.

T= Time series

The independent variable is ownership structure proxied as block and foreign ownership, while the dependent variable is cash holdings.

The hypotheses were tested at 5% significance level, using multiple regression analysis. The acceptance or rejection criterion is based on the probability value (p – value). If the p – value is greater than 5%, the study will accept the null hypothesis and reject the alternative hypothesis. On the other hand, if the p – value is less than or equal to 5%, the study will reject the null hypothesis and accept the alternate hypothesis.

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Descriptive statistics and correlation matrix were employed alongside the panel regression to investigate these ownership structure effects on cash holdings of such firms, using fixed and random effect regression result and Hussmann testing to determine the most suitable result to interpret. The variables include cash holding (CASHH) as dependent variable while independent variables include Block ownership (BOWNER), and foreign ownership structure (FROWN). The descriptive statistics of our variables is presented below in table 1.

Table 1: Descriptive Statistics

	CASHH	BOWNER	FROWN
Mean	3.701953	0.710769	0.059763
Median	1.340000	0.610000	0.100000
Maximum	872.1100	32.00000	1.000000
Minimum	-152.8900	0.000000	0.000000
Std. Dev.	74.85657	2.434578	0.090678
Skewness	9.199000	12.66936	6.613819
Kurtosis	108.7602	163.3637	69.38437
Jarque-Bera Probability	81146.06 0.000000*	185608.3 0.000000*	32263.90 0.000000*
Sum	625.6300	120.1200	10.10000
Sum Sq. Dev.	941389.1	995.7648	1.381391
Observations	169	169	169

Source: Researcher's computation (2022): Note *1% level of significance, **5% level of significance.

The descriptive statistics result shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and the Jarque-Bera (JB) statistics (normality test). Table 1, provides the summary of the descriptive statistics of the sampled quoted agricultural and manufacturing firms used for the study. The study observed from the descriptive statistics result that the selected firms have average cash holding ratio of 3.701953, maximum and minimum values of 872.1100 and -152.8900 respectively. This means that on the average, most selected companies used for this study are highly liquid as their average cash holdings is above fifty percent average. However, the standard deviation value of cash holdings which stood at 74.85657 is an indication that the selected firms used are not dominated by highly liquid firms only but they are widely dispersed.

Similarly, block ownership (BOWNER) has a mean value of 0.710769 with maximum values 32.00000 and minimum values are 0.0000 respectively. The large difference between the mean, maximum and minimum values show that in the sampled firm, on the average, the block ownership value was about seventy-one percent (71%), which is above average. This shows that most sampled firms used for this study recorded high block ownership structure, which is highly encouraging for firms in Nigeria, as the value is above average. This therefore shows that on the average, about 71 percent of shares of agricultural and manufacturing firms are held by block ownership structure or investors. While the maximum value shows that about thirty-two (32) percent of our sampled firms recorded block ownership in their capital structures. This further justifies the need for this study as we expect that those firms with high block ownership (BOWNER) structure will record low cash holdings when compared to those firms with less or no block Ownership structure in their capital make up.

Furthermore, the result also shows that on the average, foreign ownership structure (FROWN) value stood at 0.059763, meaning that out of the thirteen firms used for this study, only about six(6%) percent of the firms selected for this study recorded foreign ownership structure in their capital structure. This result indicates that about 6 percent of the firm's shares are held by foreign investors in Nigeria agricultural and manufacturing companies. This is not encouraging at all as our economy needs such investors to attain food sustainability level as well as being economically developed. The minimum and maximum values which stood at 1.00000 and 0.00000 respectively is an indication that, there is absent of foreign ownership in some of the firms sampled while in others that recorded it, the

proportion of foreign ownership in them is still very low. This justify the need for this study as we expect that those firms with presence of foreign ownership (FROWN) structure will record low cash holdings when compared to those firms with less or no foreign ownership structure in their capital build up.

Lastly, in table 1, the Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables shows that all the variables are distributed normally at the 1% level of significance. This implies that any variable with outlier are not likely to distort our conclusion and are therefore reliable for drawing generalization. This also implies that the least square, fixed and random panel regression estimations can be used to estimate the panel regression models.

Diagnostic Test to Check for Multicollinearity Problem, Using Correlation Matrix.

Multicollinearity is a near perfect, a high correlation between any two (2) independent variables. It is a problem of cross-sectional data and our data have cross sectional characteristics as it cut across thirteen (13) quoted agricultural and manufacturing firms in Nigeria, over the period of 2009- 2021. When there is multicollinearity, all your t-values, F-statistics value becomes invalid and the R² of the regression result becomes unreliable. The study on trying to diagnose for the presence of multicollinearity in our data used, as well as evaluating the association among the variables adopted, employed the Pearson correlation coefficient (correlation matrix) analysis. The result obtained is presented in Table 2.

TABLE 2: Pearson Correlation Matrix of Data Collected from Nigeria Firms

CORRELATION ANALYSIS

	CASHH	BOWNER	FROWN
CASHH	1.00		
BOWNER	0.01	1.00	
FROWN	0.02	0.06	1.00

Source: Researchers Computation (2022)

The use of correlation matrix in most regression analysis is to check for multi-collinearity and to explore the association between each explanatory variable (BOWNER, and FROWN) and the dependent variable Cash holdings (CASHH). Table 2 focused on the correlation between Cash holdings proxy as CASHH and the independent variables (BOWNER, and FROWN). The finding from the correlation matrix table shows that all our independent variables, (CASHH;BOWNER= 0.01, and CASHH;FROWN=0.02) were observed to be positively and weakly associated with our dependent variable for this study, Cash holding (CASHH).

Therefore, the findings from the correlation analysis table, shows that firm cash holding has a positive relationship with all our explanatory variables. This indicates that the higher the cash holdings of agricultural and manufacturing firms in Nigeria, the higher the demand for block ownership structure and foreign ownership structure of such firms.

In checking for multi-collinearity, we notice that no two explanatory variables were perfectly correlated

Table 3: Variance Inflation Factor Test Result

Variable	VIF	1/VIF
Frown	1.05	0.955794
Bowner	1.01	0.994477

Mean VIF | 1.03

The VIF for each of the variables in table 3 shows a much lesser than the threshold of 10 and the overall VIF mean value was less than 5, which is within the acceptable rule of thumb for VIF test. This indicates that the explanatory variables in our specified fixed and random effect regression model is not substantially correlated with each other and this implies a complete absence of multi-collinearity in the explanatory variables used for this study.

Another major regression estimation problem is the existence of heteroscedasticity (that is non-constant residual term) which is often common with cross-sectional data. The existence of this problem may result in wrong t-values and f-statistics. To test for the existence of this problem, the Breusch-Pagan Godfrey heteroscedasticity test was used. The result of this test is presented in table 4.

Table 4: Breusch- Pagan Godfrey Heteroscedasticity Test

Test	Value
chi2(1)	= 2.28
Prob > chi2	= 0.1307

Source: Author's Computation(2022).

The Chi2 (1) value of 2.28 shows that there is the absence of heteroscedasticity problem in our model. The probability value of the Chi2 of 0.13 which is above 5% level, also confirms that we should accept H0 (absence of heteroscedasticity) and reject H1 (presence of heteroscedasticity).

Test of Hypotheses Formulated

In order to examine the impact of relationships between the dependent variable CASHH and the independent variables (BOWNER, and FROWN) and to also test the formulated hypotheses given, the study used a panel fixed and random effect regression analysis, owing to the fact that the data had both time series (2009-2021) and cross sectional properties (13 quoted Agricultural and Manufacturing firms in Nigeria). Fixed effect result is presented in table 5; random effect is presented in table 6. Note that the rule is that the decision to interpret either fixed or random result will be determined by Hausmann test. Hausmann test conducted for this study is presented in table 8.

4.3.1: CASH MODEL

Regression Analysis MODEL 1

$$CASHH_{it} = \beta_0 + \beta_1 BOWNER_{it} + \beta_2 FROWN_{it} + \varepsilon_{it} \dots \dots \dots (1)$$

Decision Rule:

Accept H0 if P-value is more than 5; Otherwise reject H0 to accept H1.

The CASHH panel Fixed and Random Effect regression analysis was employed to investigate the effect of multiple ownership structure on cash holdings of selected agricultural and manufacturing firms in Nigeria and the results obtained are presented in Tables 6 and 7 respectively.

Table 5: CASHH Panel Fixed Effect Regression Result

Cross-sections included: 13

Total panel (balanced) observations: 169

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.008614	10.20251	-0.784965	0.4337
BOWNER	66.50902	29.83344	2.229345	0.0273
FROWN	51.30437	70.06053	0.732286	0.4651

Effects Specification				
Period fixed (dummy variables)				
R-squared	0.136081	Mean dependent var	3.701953	
Adjusted R-squared	0.038819	S.D. dependent var	74.85657	
S.E. of regression	73.38928	Akaike info criterion	11.52983	
Sum squared resid	813284.0	Schwarz criterion	11.86319	
Log likelihood	-956.2708	Hannan-Quinn criter.	11.66512	
F-statistic	1.399111	Durbin-Watson stat	2.286630	
Prob(F-statistic)	0.144100			

Source: Researchers computation (2019): Note: * 1%, ** 5% level of significance

Table 6: CASHH Panel Random Effect Regression Result

Cross-sections included: 13

Total panel (balanced) observations: 169

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.251931	11.17522	-0.738413	0.4613
BOWNER	65.12215	29.72883	2.190539	0.0299
FROWN	52.11333	67.49202	0.772141	0.4411

Effects Specification				
			S.D.	Rho
Period random			17.89910	0.0561
Idiosyncratic random			73.38928	0.9439

Weighted Statistics				
R-squared	0.305969	Mean dependent var	2.779978	

Adjusted R-squared	0.006397	S.D. dependent var	73.18643
S.E. of regression	72.95196	Sum squared resid	867484.2
F-statistic	1.216324	Durbin-Watson stat	2.264323
Prob(F-statistic)	0.303746		

The decision as to which of the tables 5 and 6 above will be interpreted was based on the outcome of the Hausmann test conducted and presented in table 7 below.

Table 7: Hausmann Test Result.

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.063194	5	0.6902

Source: Researchers computation (2022): Note: * 1%, ** 5% level of significance

The Hausmann test conducted shows a chi-Square Statistics value of 3.063194 with a Probability value of 0.6902. This probability value is not statistically significant since the P-value is more than 5%. Therefore the rule is that if the p-value is significant (i.e P-value \leq 5%), interpret fixed effect result, otherwise, use the random effect result and from our Hausmann result, our P-value is not significant. Therefore we interpreted Random effect result (table 6) for our analysis, following the rule of thumb.

In testing for cause-effect relationship between the dependent and independent variable in CASHH model, we reported the Random effect panel regression result in Table 6. In table 6, we observed that from the CASHH result, the R-squared and adjusted R-squared values were 0.305 and 0.063 respectively. This indicates that all the independent variables jointly explain about 31% of the systematic variations in CASHH of our variables.

Test of Autocorrelation: Using Durbin Watson (DW) statistics which we obtained from our regression result in table 6, it is observed that DW statistic is 2.264323 which is approximately 2, agrees with the Durbin Watson rule of thumb. Showing that our data is free from autocorrelation problem and as such fit for the regression result to be interpreted and result relied on.

The F-statistics value stood at 1.216324 with a p-value of 0.30, showing the goodness of fit of our models. This indicates that the regression model is generally significant and well specified. In addition to the above, the specific findings from each explanatory variable from the Fixed and Random effect regression model are provided as follows:

Test of Hypotheses

Hypothesis 1: *Block ownership has no significant effect on cash holding*

The analysis result from table 6 showed a coefficient value of 65.12215, t-value of 2.190539 and a P-value of 0.03. The coefficient value reveals that, block ownership positively affects the level of cash holding of agricultural and manufacturing firms in Nigeria. The coefficient value which reveals the degree of influence block ownership has on cash holding, the value shows a positive value, this reveals that for every 1% increase in block ownership structure, there will be a corresponding increase of N65.12 increase in cash holding of agricultural and

manufacturing firms in Nigeria. However, with the t-value of 2.190539 and p-value of 0.03, it shows that block ownership has a positive influence on cash holding and this influence is statistically significant at 5% level since the p-value is less than 0.05. Based on the analysis result, the study reject the null hypothesis which states that block ownership structure has no significant influence on cash holding, to accept the alternate hypothesis. It therefore concludes that, block ownership has a significant effect on the cash holding of the agricultural and manufacturing firms quoted in Nigeria stock exchange.

Hypothesis 2: *Foreign ownership has no significant effect on cash holding*

The analysis result from table 6 showed a coefficient value of 52.11333, t-value of 0.772141 and a P-value of 0.44. The coefficient value reveals that foreign ownership positively affect the level of cash holding of agricultural and manufacturing firms in Nigeria. The coefficient value which reveals the degree of influence foreign ownership has on cash holding, shows a positive value, this reveals that for every 1% increase in foreign ownership structure, there will be a corresponding increase of N52.11 increase in cash holding of agricultural and manufacturing firms in Nigeria. However, with the t-value of 0.772141 and p-value of 0.44, it shows that foreign ownership has a positive influence on cash holding but this influence is not statistically significant since the p-value is more than 5% significant level. Based on the analysis result, the study accept the null hypothesis which states that foreign ownership structure has no significant influence on cash holding, to reject the alternate hypothesis. It therefore concludes that, foreign ownership has no significant effect on the cash holding of the Agricultural and manufacturing firms quoted in Nigeria stock exchange.

4.4 Discussion of Findings

The study examines the effect of ownership structure on cash holding of quoted agricultural and manufacturing firms quoted in Nigeria stock exchange, for the period of 2012-2021. The result reveals that:

Block ownership (BOWNER): The analysis shows that block ownership has positive effect on cash holding and the influence is statistically significant in agricultural and manufacturing firms quoted in Nigeria. This finding therefore supports the findings of Ardita and Alba (2016) and negates the findings of Jing et al (2014) and Hamid el al (2012).

Foreign ownership (FROWN): This has a positive, but insignificant effect on the level of cash holding in the agricultural and manufacturing firms in Nigeria. This shows that increasing in foreign ownership structure of both agricultural and manufacturing firms in Nigeria will increase in the level of cash holding in such firms. However, since the influence is not statistically significant, it should be ignored. This finding is in line with the findings from the study of Xuan (2017), Kaveh and Zahra (2016), Attig et al (2009) but contrary to the findings of Tiago (2018), and Hamid el al (2012).

5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

Summary of Findings

In this study, we investigated the effect of ownership structure on cash holdings of quoted agricultural and manufacturing firms in Nigeria, for the period of 2009 to 2021. Total samples of thirteen (13) quoted companies who have consistently published their annual accounts were used. Descriptive statistics and correlation matrix were employed alongside the panel regression to investigate these determinants, using fixed and random effect regression result and Hussmann testing to determine the most suitable result to interpret. Added to the above, the variables for this study include cash holding (CASHH) as dependent

variable while independent variables include Family Block Ownership (BOWNER), and Foreign Ownership (FROWN). The study found that:

- 1 Block ownership has positive effect on cash holding and the effect is statistically significant at 5% level in influencing cash holdings of quoted agricultural and manufacturing firms in Nigeria.
- 2 Foreign ownership has positive, but insignificant effect on cash holding of the agricultural and manufacturing firms in Nigeria.

Conclusion

Cash being one of the important of current assets of firms is the focus of shareholders for solvency of the business because it is used for operating activities of the firm. Firms tend to keep enough cash to protect them against temporary cash shortages in making investments or payments to shareholders. The ability of firms to keep enough cash depends on the type of ownership/ shareholding that exist in the firm. This study investigated the effect of different types of ownership structure on cash holding, using sample size of 13 selected agricultural and manufacturing firms quoted in the Nigeria Stock Exchange for the period of ten years, ranging from 2009 to 2021. The results showed that foreign ownership has positive, but insignificant effect on cash holding while block ownership has positive and significant effect on cash holding of agricultural and manufacturing firms in Nigeria. Based on the findings, it can be concluded that the level and changes in ownership structure can have impact on cash management policy of a firm.

Recommendations

Based on the findings, the study recommends the following:

- 1 Block ownership structure should be highly recommended among Agricultural and manufacturing firms in Nigeria as this was found to have a positive and significant influence on cash holdings of such firms in Nigeria.
- 2 Foreign ownership should be encouraged among agricultural and manufacturing firms in their capital structures as this will help to boost their survival strategies as well as boosting the economy of the Country as a whole. Nigeria government is yearning for increase in foreign investors and we need them more in agricultural sector to enable us diversify our economy for good.

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