Evidence on Pattern of Possessions and Firm's Performance of PSX

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This study empirically analyzes impact of possessions' pattern on firm performance in Pakistan. In this study the possession pattern is taken as independent variable and performance of non-financial firms as dependent for the period of 2010-2018. Simple random sampling technique is used by focusing 73 firms. Secondary data is used from the annual reports. The results highlight that shareholder/possession pattern have significant relationship with performance. It is concluded that possession pattern is among key determinants of company performance. Study recommends that possession pattern is an important aspect of Pakistani firms because the shareholders efficiently monitor the organization resources to increase the firm performance so firms should have to motivate the large shareholders to increase the performance of non-financial firms. Related with the agency theory it is recommended for the firms to increase the effective managerial ownership to increase the firm performance.
Keywords: Shareholder pattern, managerial ownership, large ownership, firm performance, non-financial firms, Pakistan.

INTRODUCTION

In present day's business scenarios, firm performance might be influenced by various variables. Different factors, for example, top level administration, innovative development, structure of a firm, new tasks and so have much effect on corporate performance as far as market and on stock returns. Capital structure is one factor among the different factors which have much effect on company financial performance. Studies in recent literature, mainly focuses on the share holding pattern due to competitive and changing businesses environments. Further it is documented that researches have paid much attention to share holding pattern since around 60 percent organizations worldwide, which are either family possessed, or public possessed (Abdullah et al., 2011).

Performance of firms depend on interests of proprietors and administrators, the available second is director who had works for his proprietors and get pay. If there should be an occurrence of possession design in a firm where proprietorship is kept up by same family financial specialists at that point enthusiasm of investors and directors will be the same and there will be no way to emerge struggle among them. It is a direct result of working for same reason for procuring an ever-increasing number of benefits as foremost and specialist has a place from single family (Gul et al., 2012; Tornyeva & Wereko, 2012). Different styles of possession have likewise more prominent effect on firm execution, for example, huge concentrated proprietorship, administrative possession and shareholders and so on; concentrated or expansive investors additionally give a position to decrease strife among proprietors and directors. Expansive investors have the capacity to limit office cost because of good attitude in association's administration point. Jenson and Meckling (1976) and Tarzijan (1999) investors invest in company doing their job productively in the market by analyzing shares in considering material cost of those companies that enhance their

output and accomplish their objectives and goals. In any case, some firms have positive and some firms have negative qualities. Shareholding (possession) pattern is an important factor in contributing a tremendous role in firm performance. The researchers in present days are giving more attention to study shareholding patterns and their contribution in firm performance. However, the available literature shows lack of studies from perspective of shareholding pattern role in firm performance in context of developing countries context as Pakistan. Mostly studies have compared different kinds of ownership such as family, non-family ownership and managerial ownership such as studies of Abdullah et al. (2011), Noman et al. (2012) and Shahab and Javid (2011). Similarly, the previous examination of the ownership has concentrated on the possession structure of organizations with simple perspective of family ownership and non-family ownership. Whilst, there are other types of ownership, i.e., managerial ownership (MO) and large ownership (LO) which are not taken in one single study at a time, and most specifically in context of developing country such as Pakistan, which needs consideration and attention. Therefore, the current study aims to find that how shareholding pattern affect firm performance in Pakistan; as at present the available researches lack the exact insight into this area. Hence, this study adds new knowledge of contribution of shareholder and firm performance, i.e., association among managerial ownership (MO) and large ownership (LO) and firm performance considering 100 indices of non-financial companies listed in PSX of Pakistan.

In developing countries studies conducted on ownership of family, ownership of non-family and managerial ownership such as of Abdullah et al. (2011), Noman et al. (2012) and Shahab and Javid (2011) but in the light of literature, studies focuses on different ownership of shareholder separately there are other types of ownership, i.e., managerial ownership (MO) and large ownership (LO) which are not taken in one single study at a time,

and most specifically in context of developing country such as Pakistan, which needs consideration and attention. Therefore, the current study aims to find that how shareholding pattern affect firm performance in Pakistan; as at present the available researches lack the exact insight into this area. This exploration adds new knowledge to literature contribution of shareholders and organizational performance, i.e., association among managerial ownership (MO) and large ownership (LO) and firm performance 100 index of non-financial companies listed in PSX Pakistan.

Present study focuses on administrative commitment, vast possession associated in execution of non-monetary organizations in Pakistan stock trade for the time of 2010-2018. It was normal that discoveries of the present examination will have profitable outcomes for the financial specialists who require heading and rules for picking the speculation targets. It gives rules to administrator's techniques and arrangements in companies. This study is likewise giving help speculators to know accurately about the acts of proprietorship techniques. Present study contributes in state of offering answer for settle down clashes among chief and an operator and after that to take best choices for enhancing association's budgetary execution.

Research Questions

Following are the main research questions of this study.

1. Does managerial ownership affect firm performance?

2. Does large ownership affect firm performance?

Research Objectives

Key Objectives

1. To analyze influence of managerial ownership (MO) on firms' performance.

2. To analyze impact of large ownership (LO) on firms' performance.

LITERATURE REVIEW

Shareholder Pattern

The organization hypothesis of Adam Smith (1776) started examination on proprietorship pattern that offered bases for clear working association's money related development maintaining a strategic distance from rule specialist strife.Berle and Means (1932) contended that high enthusiasm for company is corresponded with high proprietorship, which has positive association with firm execution. Jensen and Meckling (1976) examine the hypothesis as for administrative proprietorship, uncovered that the administrative possession adjusts director and investor's advantage and outcome decreases office costs, they recommended that expansion in administration possession in firm increment investor's riches expanding the firm esteem. These specialists called attention to the possession focus as a wellspring of lightening the organization issue among proprietors and chiefs in the cutting-edge business world. Fama and Jensen (1983) and Shelifer and Vishney (1986) chipped away at rule operator issue and their association with firm possession structure. Morck et al. (1988) examined responsibility for individuals in 371 U.S biggest organizations by isolating them in three classes, i.e. from 0-5 %, 5 to 25% and 25 to 100%. The market execution was estimated by Tobin's Q utilizing direct and OLS relapse. The board proprietorship extending between 0-5percent demonstrated more

gainful when contrasted with board possession between 5-25% holding of offers.

Maury (2006) discovers that in the Western European Countries, vast sort of proprietorship increments firm productivity, though legitimate condition ensures minority investors against out of line managing of huge investors. Ben-Amar and Andre (2005), find that an expansive extent of Canadian open organizations have controlling investors that frequently practice authority over voting rights while holding a little portion of income rights. This detachment of possession from control rights is accomplished through the simultaneous utilizes odd double class voting shares. While Canada is accepted to offer great security to minority investors, predominant investors are in any case ready to get private advantage.

In augmentation to the writing Anderson and Reeb (2003), study publicly exchanged organizations of the U.S. to conclude relationship between the establishing administrative proprietorship and execution of a firm. ROA and Tobin's Q as execution measures are used. The result shows ROA that the profits are higher when a family's director goes about as CEO, the family supervisor comprehends the business well and work with more devotion. The outcomes from the market-based proportion of execution demonstrated that administrative claimed organizations are more profitable. By large outcomes opposed their speculation that minority investors were influenced by establishing administrative possession rather demonstrated that administrative proprietorship spoke to a powerful and productive hierarchical structure. Such proprietorship can have suggestions for firm an incentive from the viewpoints of office costs, potentially item showcases, and exchange of costs different types of market disappointments.

Amit and Villalonga (2006) and Shliefer and Vishny (1997) examined that extensive investors because of their capacity can misuse minority. They can bring their ineligible relatives on key administrative position, pay officials against company policies, burrowing of assets to aggregate firms (La Porta et al., 2000) study test the Minority investors' seizure theory. Shah et al. (2011) there was no significant effects of possession on association's execution, when speculation is impressively higher in extensive firms at that point aggregate firms perform ineffectively.

Agency Theory

The organization standard as for administrative possession, uncovered that the administrative proprietorship adjusts administrator and investor's advantage and final product into rebate of business responsibilities. Fama and Jensen (1983) and another researcher Shelifer and Vishney (1986) worked at rule specialist issue and their dating with firm ownership structure. Morck et al. (1988), considered responsibility for individuals in 371 joined conditions of America largest organizations by methods for isolating them in three classes i.e. from zero-5 %, 5 to twenty-five% and 25 to a hundred%. The market in general execution was estimated by method for Tobin's Q utilizing direct and OLS relapse. The board possession extending among 0-five% demonstrated more noteworthy beneficial contrasted with board proprietorship among five-25% saving of stocks.

Pattern of possession (shareholder) as MO is one of determinants of company performance. For exploring connection among structured owner equity and companies' execution different researchers had diverse purpose of about the possession of ownership and performance of firm. In Pakistan Katper et al. (2018) analyze the effect of MO on firm execution in the firms of Pakistan. Agency theory explains, directors are feature of company's proprietorship can help companies decrease office cost connected in corporate arrangement of traditional account. Concentrate dependent on-board information and relapse models connected to the example of 68 Shariah-consistent firms recorded on PSX taking 05 years from 2009-2013. Present study tests the performance of firm through two distinctive DV that is T.Q and ROA.

Boubaker, Nguyen and Rouatbi (2012) explored effect of large firm with taking of risk behavior and considering the secondary data by selecting public firms over the period 2003-2007 from firm's annual reports. Aftereffects of study proclaim that the presence, number and casting a voting of MLS, other than the biggest controlling investor (LCS), clarify more noteworthy changes in firm execution (ROA), advertise esteem (Tobin's Q) and stock returns. As contrast with MLS, the LCS indicates powerless changes in firm execution, particularly when the difference between the LCS's control and income rights is enormous. This outcome recommends that MLS can keep the LCS from directing her inclination for okay ventures to ensure her future utilization of private advantages. As a result, firms attempt better speculations paying little mind to their natural dangers, and this in the long run leads them to accomplish higher execution. MLS are in this way affirmed to assume a basic job in corporate administration.

Abbas, Naqvi, and Mirza (2013) centers around the connection between structure ownership and performance of firm have been a broadly examined issue among corporate researchers. In many corners of universe, companies have enormous ownership as important factors which work as a device to adjust the enthusiasm of the board and responsibility. In the same way as other different pieces of the universe concentrated proprietorship is likewise standard in the creating Pakistan economy that practically 50% of corporate possession is considered in huge or concentrated proprietors. So, deciding the impact of these enormous proprietors on execution can be a significant commitment for effectiveness of firm's area and increase economy stability considering an example of 100 recorded non-money related firms of Pakistan. Consequences of OLS regression investigation uncover that enormous investors essentially and decidedly influence firm execution when execution is estimated by ROA and ROE that effective observing theory works in Pakistani viewpoint.

Isik and Soykan (2013) directed an examination in Turkey on impact of enormous investors on firms estimated by ROA and Tobin's Q. Study utilizes 164 modern firms' information for the period 2003-2010 of recorded on Istanbul Stock Exchange.
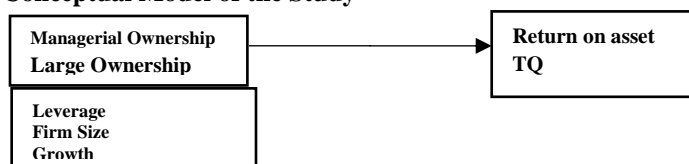
Conceptual Model of the Study

Table 1: *Summary of Variables*

S. No	Variables	Details	Reference
1	ROA	Net income/Total Asset	(Abbas,Naqvi, &Mirza,2013; Katper, Shaikh, Anand, & Ali, 2018; Saidu & Gidado, 2018).
2	Tobin's Q	Ratio of MV of equity plus total debt to the book value of assets.	
3	MO	The fraction of MO in total equity	
4	LO	Percentage of shares held by large shareholders	
5	LEV	Total debt/total asset	
6	FS	Natural log of total asset	
7	GRT	Yearly percentage change in sales	

Hypotheses of the Study

Following are the research hypotheses of this study:

H1: There is significant impact of MO on firm's performance.

H2: There is significant impact of LO on firm's performance.

RESEARCH METHODOLOGY

Research depicts the methodology that utilized decipher impact of contribution of shareholders on performance of firm considering non-financial firms listed at the (PSX) and the purpose behind choosing specific procedure. Methodology of any study includes structure of research, theoretical system, population, study sample, definition and measurement of variables, information accumulation procedures and how the information was dissected. It likewise discusses the information investigative models and trial of hugeness utilized in landing at the ends. Research design is an important factor of any research it includes population of study, sampling, data type, data collection procedure analysis of data and measurements of variables to extract the desire objectives. This study use approach that is quantitative to examine the impact of dependent and independent variables considering secondary data, i.e., companies annual reports to gain the results in order to explore the results. Study results also generalized to whole population of non-financial firms.

In PSX there are 557 companies that are placed in multiple sectors of Pakistan listed in stock exchange. Financial data extracted from annual reports, so entire non-financial firms listed in PSX are the study population. In the field of research two types of sampling that is probability and non-probability. Present study considered on the probability sampling technique and in probability sampling simple random sampling is used. On the availability of firm's annual reports and data, study selects a sample of 73 firms. The sample period of the study is 9 years for the period of 2010 to 2018.

Before conducting statistical test, researcher use to normalize the data by the help of regression. Other test used to analyze data are: Multicollinearity, to check correlation of independent variables with each other. In this exploration VIF test is used to analyze multicollinearity problem in the independent variables; Heteroscedasticity, to check the problem which is caused by non-consist changes in independent variable; Autocorrelation, Serial correlation is also called autocorrelation. The results of observation follow same pattern which may not accurate for present and future time period in the presence of autocorrelation. To analyze the aim of study following are the different statistical tools used in the present study and evaluate through statistical software that is SPSS 20: Descriptive statistics, explain characteristics of data used for the study that is max and min figures range, their means and Std deviation. Skewness and

kurtosis are also measured in descriptive statistics (Grant & Ries, 2013); Panel Data Regression Analysis. In field of business and social sciences, researcher uses broad examination procedure. It quantifies the relationship of various independent variables with dependent variable. To inspect a definitive effect of variable on the other variable, regression analysis ascertains measurable importance of relationship among the variables that the evaluated connection is near evident relationship upon some confident interval. Linear regression equation coefficient is associated with evaluating the estimation of dependent variable by one or a few autonomous factors assessed by linear regression. Time series and cross-sectional study led in panel regression analysis over some period (Park, 2015). Researcher designs the regression model for contribution of shareholders and firm performance by taking 73 nonfinancial firms for the period of 2010-2018.

$ROA = \beta0 + \beta1 MO_{it} + \beta2\ LO_{it} + \beta3\ LEV_{it} + \beta4\ GRT_{it} + \beta5\ FS_{it} + e_{it}$

$TQ = \beta0 + \beta1 MO_{it} + \beta2\ LO_{it} + \beta3 LEV_{it} + \beta4\ GRT_{it} + \beta5\ FS_{it} + e_{it}$

ROA: Return on Asset
TQ: Tobin's Q
MO: Managerial Ownership
LO: Large Ownership
LEV: Leverage
GRT: Growth
FS: Firm Size
β0:   Constant
β1:   Coefficient of Managerial ownership
β2:   Coefficient of Large ownership
β3:   Coefficient of Leverage
β4:   Coefficient of Growth
β5:   Coefficient of Firm Size
i= number of firms (1-73)
t = time period (2012-2018)
e: Error

DATA ANALYSIS

This section explains results and discussion focusing non-financial related firms listed at Pakistan Stock Exchange. Study chose 73 non-financial related firms which have their annual reports or monetary information for as far back as 9 years from 2010 to 2018. The straightforward irregular examining strategy is utilized to choose the optional information of the previously mentioned firms. Distinctive measurable techniques are utilized to discover the aftereffects of the reliant and free factors, i.e., multicollinearity, autocorrelation, enlightening measurements, relationship and regression analysis. Results are talked about by unmistakable, statistical inferential which fuses illuminating, relationship and backslide. The gathering of information is inspected by the application programming known as (SPSS 20).

Descriptive Statistics

Descriptive statistics represent the description of variables that is number of observations, min and max value, mean, std deviation, Skewness and Kurtosis.

Table 2: Descriptive Statistics

	Min	Max	Mean	Std. D	Skewness		Kurtosis	
MO	.00	98.95	25.33	28.90	1.061	.095	-.108	.190
LO	-.1249	1.9954	1.139	.5695	-.255	.095	-1.158	.190
LEV	.0230	1.5152	.58694	.2245	-.203	.095	-.267	.190
GRT	-2.0218	.65669	.10005	.1888	-2.75	.095	27.760	.190
FS	1.9632	5.6170	3.652	.6270	-.115	.095	-.197	.190
ROA	-.74781	.73902	.0660	.0994	-.184	.095	10.745	.190
TQ	.22236	12.299	1.399	1.084	4.099	.095	24.625	.190

The mean estimation of administrative proprietorship is 25.33 with the standard deviation of 28.90 which implies that administrative possession is 28.90 scattered from the mean. The base and most extreme worth administrative proprietorship are .00 and 98.95 consciously. Presently considering huge proprietorship which has the mean of 1.139 with std. dev of 0.5695 expounds that information scattered 0.5695 times from the mean. Influence proportion has the mean of .58694 and having .2245 as std. dev, which exhibits that the information is scattered from the mean of around .2245. Development proportion which demonstrates the mean of .10005 with the standard deviation of .1888means that information is .1888times scattered from the mean worth. Firm size which demonstrates the mean of 3.652with the standard deviation of .6270 implies that information is multiple times scattered from the mean worth.

There are two ward variables that is return on resource which has mean estimation of .0660 and standard deviation estimation of .0994 implies that information is multiple times scattered from the mean worth. Another needy variable is TQ has mean estimation is 1.399 and std. dev estimation of 1.084 implies that information is 1.084 occasions scattered from the mean worth.

Pearson Correlation Analysis

To find the association among independent and dependent variables correlation analysis is used to analyze data. Some variable has positive and some have negative relationship and there has no issue of multicollinearity because all value is lay in the threshold level. Following table 4.3 shows Pearson Correlation among variables used in the regression model.

Table 3: Correlation

	MO	LO	LEV	GRT	FS	ROA	TQ
MO	1						
LO	.642**	1					
LEV	.242**	.299**	1				
GRT	0.005	-0.01	.090*	1			
FS	-.442**	-.357**	-.158**	.101**	1		
ROA	.207**	.282**	.524**	.272**	.249**	1	
TQ	-.265**	-.331**	-.218**	0.074	.086*	.318**	1

In the above table all the variables are significant with each other, but growth represent insignificant relation with other variables, some variables have negative and some have positive relationship in the above-mentioned table.

Regression Test

Regression Analysis of Shareholder Pattern and ROA

The first regression model is design for ROA to find the impact of contribution of shareholders on the performance of firms.

Table 4a: *Model Summary*

R Square	Adjusted R Square	Std. Error ofthe Estimate	Change Statistics					Durbin-Waton
			R Square Change	F Change	df1	df2	Sig. F Change	
.408	.403	.076861632	.408	74.756	6	650	.000	1.260

Table 4b: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	2.650	6	.442	74.756	.000b
2	Residual	3.840	650	.006		
	Total	6.490	656			

a. Dependent Variable: ROA
b. Predictors: (Constant), FS, GRT, LEV, LO, MO

Table 4c: *Coefficients*

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics

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	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.148	.025		5.929	.000		
MO	0.205	0.014	.084	14.729	.000	.209	3.781
3 LO	.032	.010	.182	3.162	.002	.275	3.642
LEV	-.229	.015	-.518	-15.789	.000	.846	1.182
GRT	.159	.016	.301	9.862	.000	.975	1.026
FS	.020	.005	.128	3.757	.000	.788	1.270

a. Dependent Variable: ROA

From the above regression tables, the R value 0.639 represents the correlation among the independent and dependent variable. Adjusted R^2 is 0.408 explains that 40.8% changes in ROA is explained by the independent variables while remaining variation 59.2% are explained by other variables. The F value is 74.756 which mean that whole model is fit with the significant value is 0.000 and the value of D-W is 1.260 which means there is no case of autocorrelation and no multicollinearity problem in data.

In coefficient table managerial ownership shows a significant and positive association with return on asset t-statistics is 14.729 and significant value is 0.000 less than the 0.05. Large ownership represents the significant positive association with the dependent variable with a t value is 3.162 and significant value 0.002<.05. Leverage represent significant but negative with ROA while growth and firm size represent positively significant with ROA. These outcomes are similar with the studies (Hanafi et al., 2010; Abbas, Naqvi, & Mirza, 2013; Isik & Soykan, 2013; Gugong, Arugu, & Dandago, 2014; Katper et al., 2018).

4.3.2 Regression Analysis of Shareholder Pattern and Tobin's Q

Table 5a: *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.391a	.153	.145	1.002996868	.153	20.566	6	650	.000	.712

a. Predictors: (Constant), FS, GRT, LEV, LO, MO
b. Dependent Variable: TQ

Table 5b: *ANOVA*

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	118.099	6	19.683	19.566	.000b
	Residual	653.902	650	1.006		
	Total	772.001	656			

a. Dependent Variable: TQ
b. Predictors: (Constant), FS, GRT, LEV, LO, MO

Table 5c: *Coefficient*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	2.354	.325		7.239	.000		
	MO	.006	.003	.152	1.921	.055	.209	3.781
3	LO	-.677	.131	-.355	-5.15	.000	.275	3.642
	LEV	-.523	.190	-.108	-2.75	.006	.846	1.182
	GRT	.514	.210	.089	2.447	.015	.975	1.026
	FS	-.084	.070	-.049	-1.19	.233	.788	1.270

a. Dependent Variable: TQ

Another variable is TQ so from the above regression tables, R value 39.1% represent the correlation among the independent and dependent variable. Adjusted R^2 is 0.153 which means that 15.3% change in TQ is explained by independent variables while remaining variation 84.7% are explained by other variables. The F value is 19.566 which mean that whole model is fit with the significant value is 0.000 and the value of Durbin-Watson is 0.712. In coefficient table managerial ownership shows a positive and insignificant association with Tobin's Q and value of t-statistics is 1.921 and significant value is 0.055 greater than the 0.05. Large ownership represents the significant negative association with the dependent variable with a t value is -5.159 and significant value 0.000<.05. Leverage represent negatively significant with TQ while growth represent significant but positive with TQ and firm size represent negatively insignificant with TQ. These results are similar with the studies (Hanafi et al., 2010; Abbas, Naqvi, & Mirza, 2013; Isik & Soykan, 2013; Gugong, Arugu, & Dandago, 2014; Saidu & Gidado, 2018).

Summary of Hypotheses

Table 6: *Summary of Hypotheses*

Hypotheses		Result
H1	There is significant impact of MO on firm's performance (ROA).	Supported
H2	There is significant impact of LO on firm's performance (Tobin's Q).	Supported

CONCLUSION

The aim of research is, to identify the impact of contribution of shareholders on firm performance considering nonfinancial firms listed at the (PSX). Quantitative approach is used, and explanatory method is implemented to examine the contribution of shareholders and its impact on performance of firm. For this purpose, researcher considered the data types (secondary)i.e. financial reports of firms. Simple random sampling is used. On the availability of firm's annual reports and data, study selects a sample of 73 firms. The sample period of the study is 9 years for the period of 2010 to 2018. Descriptive statistics, correlation and regression analysis is implemented on data to find the results among variables. The findings of the study have been supported by the theory that is agency theory.

In corporation agency problem is difficult issue for the organizations since it expands the expenses of firms. Likewise, there is an issue of conflict considering a legitimate concern for various gatherings in this manner the arrangement of interests among all partners is a difficult assignment. Fact about study is noteworthy research that is led on the issue in any case; still the issue appears to be uncertain. From the regression analysis overall model represent significant between pattern of shareholder and firm performance (ROA). Managerial ownership shows a positive and insignificant association with return on asset. Large ownership represents the significant negative association with the dependent variable Leverage represent significant but negative with return on asset while growth and firm size represent positively significant with ROA. These outcomes are similar with the previous studies. Hence, the MO and LO considered an important determinants of shareholders pattern of firm performance in non-financial firms. The managers should work in the direction where owner-manager can catch the target of aligning their interests being major stakeholders of the firm.

Findings of Tobin's Q represent that whole model shows significant association among contribution of shareholder and firm performance (Tobin's Q). In coefficient table MO shows insignificant association but with Tobin's. Large ownership represents the significant negative association with the dependent

variable. Leverage represent negatively significant with Tobin's Q while growth represent significant but positive with Tobin's Q and FS represent insignificant but negatively with TQ outcomes are similar with the previous studies. Following are some suggestions;

•First, is to increase the investment by large shareholders to improve the firm performance as compared to small shareholders. If larger shareholders do not take part properly then firm performance will be decrease.

•Larger ownership is an important aspect of Pakistani firms because these shareholders efficiently monitor the organization resources to increase the firm performance so firms should have to motivate the large shareholders to enhance the performance.

•Related with the agency theory recommends for the firms to enhance the effective managerial ownership to increase the firm performance. By effective means that firm should focus on the intermediate managerial ownership as compared to small managerial.

•In the light of finding, it is recommended that board of directors in non-financial firms certify that shareholders which are present inside the firms is not too much high in proportion of shareholders should not exceed according to percentage of total shareholders.

Limitations and Future Research Recommendations

•This study focuses on managerial and larger ownership to predict the firm performance. For future researchers' other pattern of shareholders may be incorporated to improve the firm performance in-depth.

•Only agency theory is incorporated in this study furthermore another theory that is stewardship may also by incorporate to analyze firm performance.

•Non-financial firms are considered in this study, for the future study other researchers should also focus on the financial firms that are listed in PSX.

•The finding of study is only generalized to those firms that are similar with the firms which are included in this research.

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