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Impact of Structure of Ownership on the Company's Performance regarding Dividend: Evidence from Pakistan

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ABSTRACT

It is critical for firms to consider the impact on their structure of ownership and dividends on the execution of the organization when making choices with a view toward maximizing earnings. The focus of this study is on the dividend's and ownership structure's effects on a company's bottom line. The study used a panel-regression analysis to determine impact of foreign ownership, family ownership &institutional ownership, on the financial execution of Pakistani firms. Secondary sources were used for this study's data collection. Using information from the PSEL and the Reports of 74 firms over a 6-year period, we have identified a population of interest consisting of non-financial enterprises included in the KSE-100 index. Foreign ownership dividend payment was all shown to significantly affect business performance in the research. Based on the findings, it seems information is crucial for describing the pattern of dividend distribution and its effect on a betterment of firm. This study is novel in that it examines the relation among ownership structure and dividend performance. Evaluation of the structure of ownership to analyze its influence on business execution to generate returns of high investment, this study will aid firms in making of decision to earn greater revenue and help individuals in making their choice.

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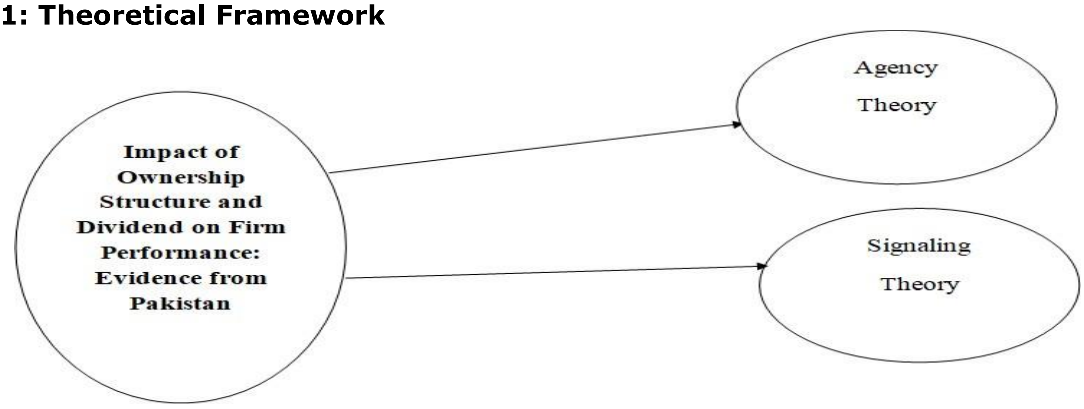
1. Introduction

Miller and Modigliani (1961) the policy of dividend is built on resources of firm and funds used that is called the residual theory. Firms that have a high amount of investment mostly do give less amount of dividend, in other words it can be said corporation with more invested amount pay shareholder with low payment of dividend as they must pay to all investors on their invested amount while on the other hand the firms that earn higher amount profits or income pay a more dividend. According to signaling theory, the change of dividend payout of a firm together with condition of firm and thoughts of board or supervisors about profits in future are linked together by the investors. Dividends are important corporate finance issue as it is of great importance for the firm's performance and its decision making. When a corporate takes decision to make no dividend payment or to pay no amount of dividend it means that company is keeping its profit or income for its growth or due to instability.

Through the help of dividend policy, a corporation can determine the cash flow or in other words the cash payment pattern of corporation which it makes to its shareholders over a period of time and the size of the company. The corporations with high amount of profit pay a high amount of dividend, while dividend payouts are lower for companies that are having a higher investment. Jensen and Meckling (1976) theory of agency-cost tells the conflict between the investor and the management due to conflict of goals; the theory helps in explaining the role of the ownership structure role that is involved in decision making like the decision about what dividend policy. This illustrates that profit strategy indicators imply that additional reporting techniques cannot be used as excellent substitutes (Ofori- Sasu et al., 2017). Companies with larger net profits generate more profits, while companies with investment of higher amount earn fewer profits. Nonetheless, according to the signaling theory, funder slink any changes to the association's payout design of dividend to the health of the company and the management's opinion of the company's future productivity prospects. Distributions of dividend have an impact on a company's benefit and valuation by affecting its income or, in some cases, hazard level.

Dividends are vital mean as they offer valuable information related to a company. The research of Jabbouri (2016) showed that liquidity have major positive link with the payment of dividend whereas growth, cash-flow, debt, and economy stability were considerably related inversely linked with policy of dividend. Roy (2015) examines if there is a link among a company's ownership model and its dividend policy, as well as the company's corporate governance standards have an impact on dividend policy. Prior researchers as focused on the influence of payment of dividend, structure of ownership impact and firms' productivity. In Pakistan, the research of dividends, ownership, firm profitability together is still incomplete; there is no proper research done on the dividend and ownership structure influence on performance of business. One of research significant commitments is an examination of the dividend payouts effect on firm performance and effect of ownership on corporation performance. The uniqueness for this research to conduct comes from the fact that it balances performance impact due to ownership structure and dividend both. There search will look at how dividends and ownership structure both affect a non-financial company's performance in Pakistan. An in-depth study is required to empirically validate the numerous conceptual problems connected to dividend influencing business performance in Pakistan. This research fills a gap in the literature by presenting practical and theoretical support on the association between dividend payoffs and the firm's ownership composition in terms of performance.

Figure1: Theoretical Framework



Agency cost theory emphasizes on technique through which the agent principal conflict can be arises; it states that there exists conflict between the management and owners as they are separate and due to asymmetry information. It will help researchers know that does' ownership structure and dividend influence corporate productivity. To understand the answer that whether firm performance is influenced with three ownership structure: foreign (FOR), institutional (INS), and family (FAM), and payoff of dividend (DIV). This study will be substantial for the investors and companies to have a clearer idea of how ownership structure (OWN) and dividend impact the performance of a firm as this is an important tool. The problem statement of this research is to examine ownership structure and dividend impact on the firm performance. The impact of company's structure of ownership and dividend on its execution together will be studied so this research will be helping us to add to existing literature and provide Pakistan data regarding OWN and DIV effect on the performances of firms. Through this firms can also acquire data regarding the significant determinants and the degree to which influence the performance of firms in Pakistan. The research will add to existing literature as well it will give data regarding how the ownership structure influences firm performance and how dividends payout influence on firm's performance in Pakistan. To conclude, the firms will also be able to acquire data regarding the significant determinants and the degree to which influence the performance of firms in Pakistan.

As in Pakistan, the research of what is the impact of dividends and structure of ownership together on company performance was still incomplete, so this research contributes towards finding the effect of both ownership structure and dividend on company performance This research contributes to giving us the evidence that firstly, there is a statistically substantial influence of dividend and firm performance and ownership structure (FOR, INS and FAM) on firm performance in Pakistan. The study provides support that in emerging market like Pakistan; information asymmetric is playing a vital role to explain dividend behavior on the performance of firm. The more the dividend means there is a reduction in information asymmetry with an impact on cash flows of the firm. Moreover, it adds to literature as the researchers try to find out what is severity of agency cost theory hence it reveals that ownership and dividend do have a statistically important effect on performance of corporation in Pakistan as research suggest that the information asymmetric plays a vital role in distribution of dividend and firm performance as paying dividend improves the firm performance. The agency cost will be reduced for the firms that are having foreign ownership, family ownership and institutional ownership. The research also contributes to providing the investors with the information related to dividend payout and ownership structure that in what way it impacts the performance of the firm. This helps the investor in the investing decision-making so that they can have high returns. Lastly the research can be helpful to the firm as they will be able to know that how the ownership structure and dividend is impacting the performance means its profitability.

2. Literature Review

The fundamental analysis of what is the influence of dividend payout on a corporation's performance and price of share remains not only restricted to firm manager, but it also looks at the impact on investors. The goal of analysts is to solve the puzzle of a company's sustained capital market valuation. According to the signaling theory (Miller & Modigliani, 1961) the principal should get information from the agents in order to establish a trust worthy working relationship. Shareholders means that the owners are more knowledgeable about a company than its investors are, yet they are seldom eager to give shareholders open and honest information. Consequently, the dividend policy can be used for informational purposes and also serves as a reliable indication for the firm's future projections (Setiawan, Bandi, Phua, & Trinugroho, 2016). Based on the concentration of ownership with most countries, family-controlled companies play a prominent part; however, research on family firms and dividend payout has largely relied on. Agency cost theory. According to (Rajverma, Misra, Mohapatra, & Chandra, 2019) when the ownership and management are linked together so the decision that are made gets improved, better, and faster which helps it in eliminating excessive costs and maximizing productivity. Family members that are involved in companies helps in maintaining a tight check on things that is been found to help reduce income losses. Since the outcome, alignment model suggests that family-owned company is less inclined than publicly traded companies to be corrupted.

Family businesses pay less than their non-family competitors. Controlling relations have motives and opportunity to expropriate money from minority shareholders because of ownership concentration. Liljeblom and Maury (2016) study builds a model for dividend pay certainty and payout amount using data from 1998 to 2003, a subset of Russian publicly traded enterprises was examined. Researchers discover that dividend distribution levels have increased significantly, correlating with advancements in legislative investor protection. When compared to other majority – owned companies, state – controlled companies pay dividends very frequently. Basically the family ownership are indeed significant employment with own economies, as they provide more steady employment than in other businesses, indicating that employment legislation and policy should consider the ownership structure of businesses (Villalonga & Amit, 2020). According to research of (Yusof & Ismail, 2016) about dividend impact on ownership; the results showed that dividend policy is impacted by income, growth firm, expenditure; borrowing and shareholder are some of the factors that have an impact on profitability, company size, and equity.

Ting, Kweh, and Somosundaram (2017) study showed us that the kind of ownership affects payout (dividend) and, at last, organization execution or we can say the performance of a firm. Malaysian public corporations are addressed in the dataset, which covers a long time from year 2005 to 2015. The study uncovered that concentrated investor ownership played a basic impact in choosing payouts of dividend and affect corporate achievement. Ownership concentration, specifically, is connected to low dividend dissemination, yet likewise builds organization execution. The research tried to show that ownership may be a valuable checking tool. Ownership can be split into some different types like family based, government-owned and foreign operating owned, etc. The research conducted in bank it was found that the state owned and foreign owned have an effect that is negatively linked on the dividends, in family ownership it has an effect that was positively linked with dividend payouts and in family-owned banks dividends was paid in excess to the shareholders and an effect that is negatively linked on dividend payouts in controlling ownerships in accordance to (Saleem, Hussain, & Ibraheem, 2020; Setiawan, Aryani, Yuniarti, & Brahmana, 2019).

The investigation of Musallam, Fauzi, and Nagu (2018) planned to find the impact of INS, operating leverage, liquidity on worth of the firm with keeping in view the performance of an organization. This study essentially utilized 10 organizations as test from the oil and gas mining organizations that were recorded on stock trade of Indonesia (IDX) for a time range from 2014-2018, total of fifty numbers of observations. The conclusions of the analysis done by (Hussain, Rafique, Khalil, & Nawaz, 2013; Musallam et al., 2018) demonstrated that nearly a critical impact of institutional ownership, operating leverage, liquidity on worth of the firm on the performance of an organization. Khalfan and Wendt (2020) looked into that how concentration of ownership affects payment policies and the impact of foreign institutions and state as owners on payout by Nordic companies. Therefore, the effect of concentration of possession on appropriation shifts generally from one country to another, with expanded proprietorship fixation in Finland being more averse to deliver profits and higher possession focus builds the inclination to deliver profits in Denmark and Norway, while higher possession focus builds the penchant to repurchase Norway and Sweden.

It was observed that there is a low dividend payment where there is high risk and low valuation. In the ownership structure type, it was seen that family ownership and concentration influences the firm performance as well as the risk of the firm. Moreover, according to Rajverma et al. (2019) the firm that pays a dividend on regular basis was also seen as less risky and premium valuation. Tsouknidis (2019) in research examined INS and firm performance for United States shipping listed companies' relationship by the help of 13F quarterly reports of period 2002-2016 institutional holding. The findings showed a negative connection of INS and business profitability, many of which is due to the absence investment firms instead of strategic investment firms. The study holds up against a collection of panel data estimation methods that accounted for the occurrence of dynamical exogenous variables in the association under consideration.

Firm performance is a vital aspect, and it is the performance of an organization/ firm, relates to the manner companies operate, and the results of its activities are referred to as firm performance. Some of the previous studies have shown that there exists a positive or a negative relationship between ownership and firm performance. According to Vu, Phan, and Le (2018) it was seen that the management are in pressure to make sure that they maximize the value of firm and improve the performance of the firm for its shareholders. It was seen when managers hold the shares of the company, they are more focused towards improving the firm performance, and the ownership concentration increases the performance. It was observed that when the ownership is more with managers, they tend to performance well to improve the firm performance. In a research about dividend impact on value of firm and risk by Karpavičius and Yu (2018) observed that the utility function of managers includes if the value function of a firm's manager includes simultaneous dividends, and to maintain the level of equity so that risk is maintained the manager increases the risk level for equity.

Dakhlallh, RASHID, Amalina, Abdullah, and DAKHLALLH (2021) research study's goal was to investigate the effects of ownership structure and dividends on the performance of Jordanian industrial enterprises listed through the use data from the Amman Stock Exchange. A representative sample of businesses from the last six years 2010 to 2015 was chosen. The information came from the yearly financial data reports of publicly traded companies. The findings of the study utilizing various methods to determine how ownership structure and dividends affect the performance of the sample chosen revealed that there is a substantial association, implying that there is a link between them. Jacob and PJ (2018) utilizing a huge example of NSE - recorded non-financial firms from 2001 to 2016. It was checked out the relationship between institutional ownership investor and dividend payouts. Institutional financial owners in the US market had greater possessions in profit paying organizations all things considered and were decided to incline toward profit payers over non-payers among bigger organizations. Institutional ownership, then again was seemed to lean toward non-paying corporations among more modest organizations. At last, with regards to dividend paying organizations, institutional investors or owners were found to have more modest property in organizations with bigger payouts than organizations with lower payouts.

The institutional ownership and cash dividend policies of a firm in China through using listed firms data was studied by (Firth, Gao, Shen, & Zhang, 2016) it was a finding that the mutual fund ownership influences the dividend payouts and cash dividends. While a study done by (Chang, Kang, & Li, 2016) on institutional ownership and dividend with theory of agency cost analysis that is a Positive association of INS and DIV, positive relationship more obvious in companies with agency cost high and positive relationship is weaker when monitoring is done externally. According to Mulyani, Singh, and Mishra (2016) about family ownership, dividend and leverage; the family engagement in business is universal, although it takes on different forms in different countries. The long-term success and durability of several well-known family businesses has contributed to the popular belief that family – controlled businesses take a more long – term approach to management.

3. Research Design & Methodology

3.1 Population & Sample

The study population is the various registered companies on the Pakistan Stock Exchange from 2015-2020, the population is from Pakistan that is listed companies' earnings on Pakistan Stock Exchange. This population is suitable for the research to find out impact of FAM, FOR, INS and DIV on firm performance, and this helped to analyze the impact. In this research the sample size is 74 non-financial companies of KSE 100 index for 6 years.

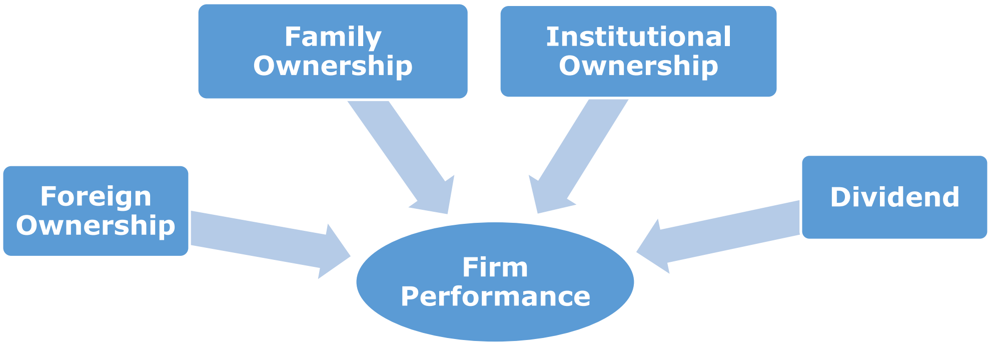
3.2 Data Collection

Data has their meaning and must be interpreted. Data analysis can be defined as the data which has been collected and organized to achieve the research objective. By using the data taken from financial reports this will provide more accurate information for better understanding and further future investigation. The most important thing will be to look the data completeness and accuracy.

3.3 Statistical Tool & Application

The Stata14 software was used to determine the result, analyze, manage, and present data graphically. We used STATA in order to do all our regression assumptions, to achieve normality through the help of the generation of standardized variable, descriptive, etc. The sample that was selected in this study from listed companies of Pakistan however the data was used to analyze using regression, correlation and descriptive analysis while using stata14 software. Through the help of Stata14 the selection of the model that suits the best to the data set was done by doing Hausman specification.

Figure 2: Conceptual Framework



3.4 Econometric Model

This research falls under the classification of explanatory which is planned to find the impact between dependent variables including firm performance and independent variable that are dividend payout and ownership structure. We are using the profitability model (ROA) to measure the impact on firm performance of dividend payout and ownership structure (foreign ownership, family ownership and institutional ownership), with control variables liquidity ratio, leverage, investment, firm size and operating risk.

$$ROA_{it}=a_1+\beta_1FOR_{it}+\beta_2FAM_{it}+\beta_3INS_{it}+\beta_4DIV_{it}+\beta_5CR_{it}+\beta_6DE_{it}+\beta_7CAPEX_{it}+\beta_8SIZE_{it}+\beta_9RISK_{it}+\varepsilon_{it}$$

ROA represents the firm performance. The profitability model (ROA) is utilized to look the effect of ownership structure (OWN) and dividend (DIV) on firm performance. FOR denotes foreign ownership, FAM denotes the family ownership, INS denotes institutional ownership, DIV is dividend payout, CR is used to denote current ratio, DE is for debt-equity ratio, CAPEX shows the capital expenditure to total asset ratio, SIZE for the firm size, RISK is for operating risk, ε = denotes error term of equation, i denotes the firm, t denotes the specific time period.

Table1: Variables Measurements

Variables	Proxy	Operational Definition	Measurement	References
Dependent Variable				
Firm performance	ROA	The company's total earnings generated per rupees of its total number of assets.	Net Profit /Total Assets	Yee (2017)
Independent Variables				
Foreign ownership	FOR	The shares of company that are being owned by foreign investors and corporations.	% of shares held by foreign investor/ total no. of share	Rashid(2020)
Family ownership	FAM	The individuals that are the shareholders with same surname (husband, wife, etc.) who are listed either as directors, executives.	Dummy variable, one is coded if a family firm, otherwise zero.	Bataineh (2021) Benjamin et al. (2016)
Institutional ownership	INS	The shares that are being held by financial institutions that include: banks, mutual fund, pension funds.	% of shares that held by financial institutions	Rashid(2020)
Dividend	DIV	The total number of earnings percentages paid to the shareholders in form of dividend.	Dividend/EBIT	Rajverma et al. (2019)
Control Variables				
Liquidity	CR	The ability of company in executing short-term debts.	Current assets(CA)/Current liabilities(CL)	Phung and Mishra (2016)
Leverage	DE	The total debt relative to firms'	Total debt/total equity	and

		total equity.		Ismail(2016)
Investment	CAPEX	The capital expenditure of company to total assets	Capex/ total assets	Rajverma et al. (2019)
Firm Size	SIZE	The natural log of total number of assets.	Log of total assets	Kao et al.(2019)
Operating Risk	RISK	The standard deviation of 1st difference of operating profit to total number of assets.	SD first difference operating profit/ total assets	Rajverma et al. (2019)

4. Results

4.1 Descriptive Statistics

The table of the descriptive statistics, table 2 shows 10 variables data for year 2015-2020. This descriptive statistic is showing us the value for the mean of all variables that includes the dependent variables.

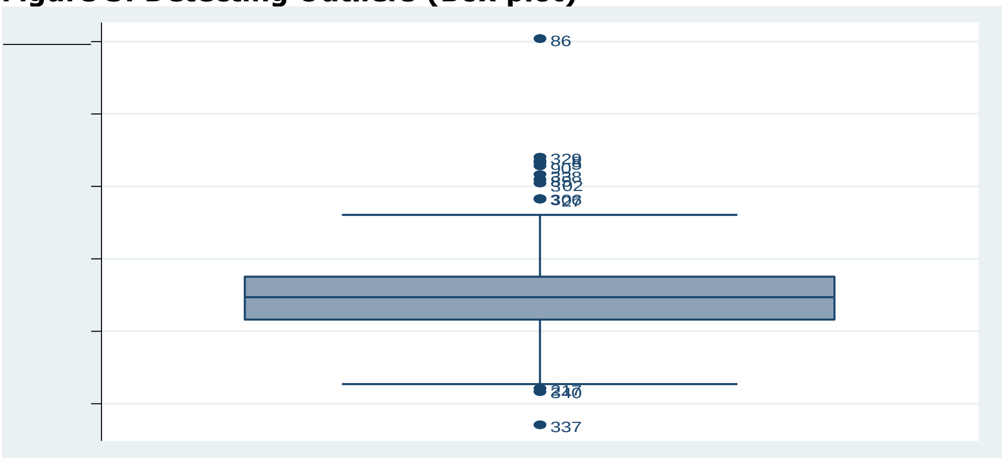
Table 2: Descriptive Statistics

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

4.2 Descriptive Graphs

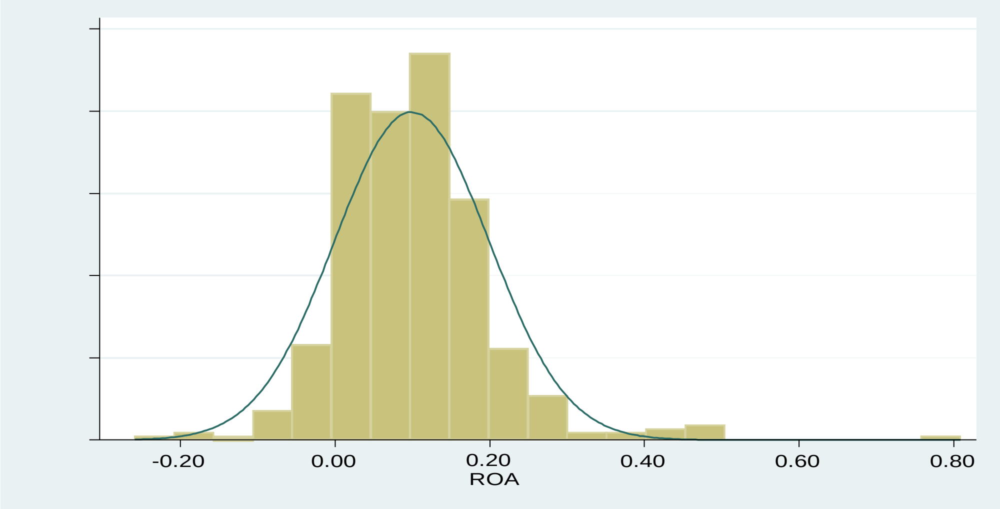
To detect outliers from our dataset we are using box plot. The figure 3 is showing us the outlier in the data that is lying above and below the whiskers of box plot.

Figure 3: Detecting Outliers (Box plot)



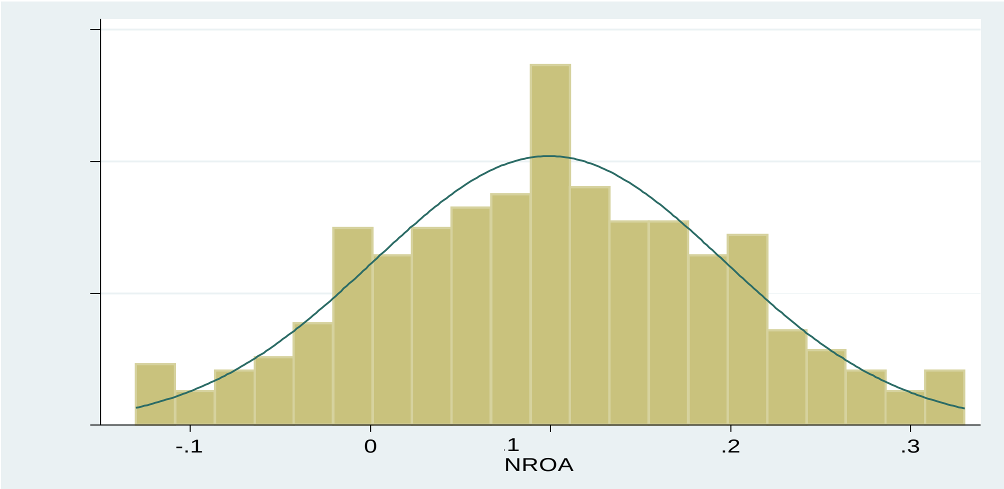
The figure 5 shows that are no outliers in our data. Now there are no outliers detected in the data set.

Figure 4: Detecting Normality (Histogram)



We can clearly see from figure 5 that data is normal after removal of outliers. We generated a new standardized variable to make our data normal and to achieve normality. Through the help of the generation of new standardized variable NROA we can see that we have achieved normal data.

Figure 5: Removal of Outliers (Box plot)



4.3 Matrix of Correlation

The table 3 presents correlation among all variables which shows us that there is no serious Multicollinearity problem as the value are below 0.8 Among the independent variables DIV is having one weak negative correlation coefficient. Whereas the control variables DE is having two negative correlations with the two types of ownership FOR and FAM; also with control variable current ratio. CR is having two negative correlations; CAPEX and SIZE are negatively correlated with CR and RISK is having all positive correlation coefficients.

Table 3: Correlation Matrix

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

4.4 Multicollinearity

The VIF test is used to detect the Multicollinearity problem in the dataset. The variance inflation factor as seen in table 4 for all the variables is ranging from 1.015 to 1.214, which are below 10. Tolerance that is calculated by dividing 1 by VIF, tolerance also helps to find the presence of Multicollinearity in the data as the value of tolerance in table 4 is not less than 0.1 it means that Multicollinearity is not there but if the value was less than 0.1 it will indicate Multicollinearity. To conclude VIF was neither greater than 10 nor the value of tolerance was less than 0.1 means that Multicollinearity problem is not detected here as this model is free of Multicollinearity.

Table 4: VIF & Tolerance

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

4.5 Heteroskedasticity

To test Heteroskedasticity, Breusch pagan test is used and to make sure that the error terms aredistributed normally. The h_0 for Breusch pagan test is that the variance is constant among the residuals while h_a states the variables and non-constant variance inform us which response variable was employed in the regression model. In table 5, we are having a probability chi-square value is above conventional 0.05 means that there is no Heteroskedasticity present in our data set, the null hypothesis is accepted with rejecting the alternative hypothesis. Therefore, there is adequate indication that the data is not Heteroskedastic.

Table 5: Heteroskedasticity

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

4.6 Hausman Test

After conducting the test to check normality, Multicollinearity, Heteroskedasticity, autocorrelation, etc. than to evaluate the appropriate regression model for panel data. For this we first conducted pooled OLS and fixed effect model (FE-regression); than performed random effect model (RE) and fixed effect model (FE) by help of Hausman test.

Table 6: Hausman Test

Test	Coefficient
Chi-square test value	31.44
P-value	0.0002

In table 6, the Hausman specification test is performed to figure out which model best fits our panel data. With the use of the Hausman specification test, it is possible to choose between FE and RE models. The H_0 in this situation is that the RE is preferable to the FE; the alternative hypothesis is that the fixed effects model is preferable. The reject H_0 will be rejected since the probability value of 0.0002 is less than 0.05, implying that the result is insignificant. It is concluded that FE model is more preferable over random effect model for this data set.

4.7 Fixed Effect (FE) Model

In table 7, FE model is showing us the variables' impact on dependent variable i.e. return on asset (ROA). A fixed-effect regression model was used to estimate the impact of ownership and dividend on performance of corporation. As ordinary least squares estimates can be deceiving, the Hausman test has been used to choose which model to be selected; hence the fixed-effect model was used. The result of panel regression is present in table 7. The equation was utilized to put the study's hypothesis to the test.

Table 7: Fixed Effect Model

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

Note: Standard errors in parentheses, ***p<0.01,**p<0.05,*p<0.1

Table 8: Hypotheses Testing

Variable	P-Value	Hypothesis	Status
Foreign Ownership	0.00157	H1a: There is an impact of foreign ownership on firm performance.	May not Reject
Family Ownership	-0.0250	H2a: There is an impact of family ownership on firm performance.	May not Reject
Institutional Ownership	0.00159	H3a: There is an impact of institutional ownership on firm performance.	May not Reject
Dividend	0.000523	H4a: There is an impact of dividend on firm performance.	May not Reject

5. Discussion

The association between the foreign ownership and corporate performance has been studied in the past, with varying results. Some research like Kao, Hodgkinson, and Jaafar (2018) and Rashid (2020) has suggested that foreign ownership has a favorable impact on firm profit or profitability means the performance. H1a, which argues that there is a link between foreign ownership and company performance, is accepted since FOR has a 5% positive substantial effect of organizational performance. The findings are consistent with prior research, demonstrating that FOR is positively and significantly associated to ROA, hence supporting the notion that foreign ownership and firm performance are linked. While Like it Villalonga and Amit (2020) investigation contradicts these findings.

The effects of family ownership on corporate performance have been a subject of discussion inboth management and finance. The hypothesis H2a states that there is a link between FAM and company performance, which is supported by our panel data, which shows that there is a significant link between FAM and firm performance. The findings are consistent with the findings of Wang and Shailer (2017) and Dakhlallh et al. (2021) as according these researches the family ownership firm performance is better as they have more knowledge than the shareholder and internal business insight knowledge as well. However according to Ullah, Khan, Hussain, Alam, and Haroon (2021) and (Benjamin, Wasiuzzaman, Mokhtarinia, & Nejad, 2016) the findings of the impact of family-owned and performance of firm is inconsistent as it claims that there is a weak association between family-owned businesses and their performance, implying that when a business is held by a family, its performance is poor.

Institutional ownership is having a major influence on company profitability measured with ROA, as seen in table 4.8. According to the suggested hypothesis H3a, there is a connection between INS and firm performance, which is accepted because it is statistically significant in our study. Our findings are consistent with those of (Dakhlallh et al., 2021; Drobetz, Ehlert, & Schröder, 2021; Lin & Fu, 2017), as the results suggest that financial or investors of institution do have strong positive and impact that is significant on firm performance because the institutional investors act activity and tries to improve the performance of the firm. The findings of Minh Ha, Do, and Ngo (2022) contradict our findings, implying that institutional owner's has no bearing effect on business performance when assessed by return on assets, and so our findings contradict the research.

Dividend plays a very important role in a firm, the research produced hypotheses H40and H4a, which state that there is no impact and is an impact of dividend and firm performance, respectively. As per the outcome shown in table 4.8, dividend remains 1% on ROA with significant statistically. Moreover, Dakhlallh et al. (2021) results for dividend have significant impact on firm performance which are consistent with the findings in table 4.8, while on the other hand according to Phung and Mishra (2016) dividend have insignificant impact on performance of a firm. The variables used liquidity, investment, size of firm, and risk are statistically significant means they have an impact on business operation or profit. The result of positive significant effect of liquidity among performance of firm is in line with (Hameed, Hussain, Marri, & Bhatti, 2021; Phung & Mishra, 2016) and significant influence of size of firm on company performance is consistent with (Al-Gamrh, Al-Dhamari, Jalan, & Jahanshahi, 2020). Risk and investment have significant impact on return on asset, according to Panda and Leepsa (2019) both have a significant effect on ROA. Lastly, the no association of leverage with firm performance is constant with the research of (Yeh, 2019).

6. Conclusion

The research uses an approach of panel estimation to consider the effect of ownership structure and dividend payouts of profitability means execution of corporation. For the time span of 2015 to 2020, the research used 74 firm of KSE-100 index. The research tried to make clear that is there impact of ownership composition and dividend on profits of company with help of various theory agency cost theory, dividend relevance theory, signaling theory and asymmetric information. This research examines the influence of ownership on firm performance that includes three diverse forms of ownership structure: foreign, institutional, and family and inspects the effect of dividend on firm performance of the non-financial company listed in Pakistan, 74 non-financial companies of KSE 100 index for the time 2016 to 2020.We concluded that there is a relevance of the three types of ownership on corporate performance in Pakistan. Moreover, our study suggested that the payout or payment of dividend has impact which significant according to statistical result on firm performance.

The foreign ownership and firm performance have significant impact according to (Nguyen, Nguyen, Ho, & Ngo, 2019) study it was stated in the study that foreign ownership helps in the generation of high returns and it helps to lower the risk, moreover the study showed that there is significant relationship between foreign ownership and firm performance. These are the results which are in line with our results as we also observed a significant impact of foreign ownership on the performance of the firm. The significant impact of ownership named foreign ownership, foreign have a significant impact on firm performance is consistent with another study conducted by (Phung & Mishra, 2016) that states there is a positive association or impact with foreign ownership as foreign ownership structure changes the performance of company is also impacted. Moreover family ownership have an association with firm performance the study of Musallam et al. (2018) results are also in line with our results in Indonesia the family ownership positively influences the firm performance, as the family ownership helps the firm in better performance reducing the conflicts. According to (Dakhlallh et al., 2021) FAM and INS are interrelated to the corporation performance.

Institutional ownership improves the firm performance as they take active part and report the firm according to (Al-Gamrh et al., 2020) the results are inline this study as institutional ownership impacts the firm performance. Lastly, the research result of (Kao et al., 2018; Minh Ha et al., 2022) suggested that dividend payout are significant at the1% degree of significance with the ROA model means the performance of the firm, the results are consistent with the research. In order to determine the effect of ownership model and dividend on a performance of companies, the study included several control variables, liquidity and leverage according to the findings of (Phung & Mishra, 2016) liquidity have an impact on ROA (performance) while leverage do not influence the performance these results are in line with our study. Kuo, Lu, and Dinh (2020) results showed that performance of corporate is significant with size which is consistent with the results. The control variable risk and capital expenditure to assets have a significant association with firm performance the results are consistent with the study of (Rajverma et al., 2019) and (Panda & Leepsa, 2019) respectively.

The study makes a few noteworthy supports for literature. When numerous studies go on to investigate the seriousness of problem related to agency theory, our research demonstrates that ownership structure and dividends have an impact on performance of firm, particularly among firms that operate primarily in emerging markets. The research finding suggests that in Pakistan, information asymmetric have a significant part to make an understanding that the distribution of dividend pattern behavior and impact of them on performance of firm. The dividend payout pattern although have an impact on the cash outflows of the firm but it leads to reduction of information asymmetry. The results reveal that the health of firm is improved, and value is enhanced when dividend is paid; in other words, dividend implies a good health reducing the risk and increasing the value of firm. This result is supported by the help of signaling theory. The dividend relevance theory that states the more the dividend the company pays the better the stock value means that when dividend is being paid by the firms the performance is impacted.

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

- The scope of research is limited as it is only looking on non-financial companies registered with Pakistan Stock Exchange. The outcomes in different countries will be different from the results concluded from this research in Pakistan which means that the results are not applicable to others.
- A short period of time was taken into consideration from 2015 to 2020, for only six years.
- Financial performance is only being measured through one variable return on assets; there can be use of other variables that help in identifying the firm performance.

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