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# Does Ownership Structure Influence Firm Performance? A Panel Evidence From India

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**ABSTRACT**
The study examines the relationship between corporate ownership structure and firm performance through the lens of accounting theory, positioning ownership as a mechanism of accounting control, stewardship, and information alignment. Ownership structure, defined by the distribution of equity among shareholders, has long been recognized as shaping organizational behaviour and outcomes. Drawing on agency theory, stewardship theory, and accounting control theory, the study explores how alternative ownership configurations including concentrated, dispersed, institutional, and family ownership shape the interpretation and effectiveness of accounting-based and market-based performance measures, rather than merely influencing governance outcomes. It reconceptualises ownership as an accounting-relevant mechanism influencing performance measurement, monitoring, and reporting credibility. By examining how ownership structures influence decision-making processes and resource allocation, the study advances conceptual understanding of how accounting information functions under different ownership regimes. The study extends agency theory and accounting control theory by reconceptualizing ownership structure as an integral component of accounting control and reporting systems, while challenging the implicit assumption in stewardship-based and performance measurement research that accounting outcomes are ownership-neutral. It demonstrates that ownership patterns influence the meaning, reliability, and interpretation of reported outcomes. The implications extend to accounting researchers and standard setters by clarifying how ownership structures shape stewardship, accountability, and the evaluative role of accounting in organizational sustainability.

**KEYWORDS:** Ownership Structure, Firm Performance, Concentrated Ownership, Corporate Governance, Shareholder Distribution.

## 1. INTRODUCTION

Ownership structure, a fundamental aspect of corporate governance, plays a pivotal role in shaping the performance trajectory of firms across industries and geographies. At its core, ownership structure delineates the distribution of ownership rights among various stakeholders within an organization, encompassing shareholders, institutional investors, managers, and other key actors. This distribution not only determines who holds decision-making power but also influences the incentives, priorities, and behaviours of those involved in corporate governance processes. Consequently, understanding the intricate dynamics of ownership structure is crucial for comprehending how firms operate, compete, and ultimately perform in today's complex business environment.

Despite its centrality in governance research, accounting theory has largely treated ownership structure as an exogenous contextual variable, rather than as an integral component of accounting control, reporting credibility, and performance measurement. This represents a theoretical gap in accounting research, where ownership is insufficiently examined as a mechanism that shapes how accounting information is produced, interpreted, and evaluated.

One of the central themes in the study of ownership structure is the relationship between ownership concentration and firm performance. Ownership concentration refers to the degree to which ownership rights are concentrated in the hands of a few large shareholders or dispersed among a multitude of smaller investors.

The relationship between ownership concentration and firm performance is a subject of ongoing debate in corporate governance theory. Proponents of concentrated ownership argue that when a small group of large shareholders holds significant stakes in a company, they are better positioned to monitor managerial actions and align their interests with those of the company. This close oversight can lead to more efficient decision-making, reduced agency costs, and ultimately, enhanced firm performance. By having a strong influence on strategic direction and operational decisions, concentrated owners can ensure that management acts in the long-term interests of shareholders, thereby contributing to the company's overall success.

Conversely, detractors of concentrated ownership caution against the potential risks associated with excessive concentration of ownership rights. They argue that when a few dominant shareholders wield disproportionate influence over a company, they may prioritize their own interests over those of minority shareholders or the broader organization. This concentration of power can create agency conflicts between controlling shareholders and other stakeholders, leading to decisions that benefit the former at the expense of the latter. Moreover, entrenched management may resist necessary changes or innovations that could improve performance but threaten their positions of power. As a result, excessive ownership concentration has the potential to undermine firm performance by stifling accountability, innovation, and strategic adaptability.

From an accounting perspective, these competing arguments raise a deeper theoretical question: whether ownership concentration enhances the reliability and stewardship role of accounting information through improved monitoring, or weakens accounting objectivity by enabling private control benefits and selective information use.

Empirical research examining the relationship between ownership concentration and firm performance has produced mixed findings, reflecting the complex and context-dependent nature of this relationship. While some studies support the notion that concentrated ownership is associated with better firm performance, others find no significant correlation or even negative effects. These inconsistencies underscore the importance of considering contextual factors, such as industry dynamics, regulatory environments, corporate governance practices, and cultural norms, in assessing the impact of ownership concentration on firm outcomes.

However, much of this literature evaluates performance primarily through accounting-based (e.g., ROA, ROE) and market-based (e.g., Tobin's Q) measures without explicitly examining how ownership structures influence the conceptual meaning, measurement properties, and interpretive role of these performance indicators within accounting theory.

Additionally, the effectiveness of concentrated ownership in enhancing firm performance may depend on the quality of governance mechanisms in place to mitigate potential agency conflicts and ensure accountability. Thus, while theoretical arguments provide insights into the potential mechanisms at play, empirical evidence suggests that the relationship between ownership concentration and firm performance is contingent upon a variety of factors that warrant careful consideration in both research and practice.

Beyond ownership concentration, ownership identity also plays a critical role in shaping firm performance. Ownership identity refers to the identity and characteristics of the individuals or entities holding significant ownership stakes in a firm. Different types of owners, such as family owners, institutional investors, or state-owned enterprises, may have distinct preferences, goals, and time horizons, which can influence their engagement with the firm and its strategic direction.

From an accounting measurement perspective, different owner identities may place varying emphasis on short-term earnings, long-term value creation, stewardship accountability, and disclosure credibility, thereby shaping how performance metrics are evaluated and used in decision-making.

For example, family-owned firms may prioritize long-term sustainability and succession planning, while institutional investors may focus on short-term financial returns. Understanding the composition of ownership and its implications for firm performance requires careful analysis of the interplay between ownership identity, governance mechanisms, and strategic decision-making processes.

In addition to ownership concentration and identity, other dimensions of ownership structure, such as board composition, ownership stability, and shareholder activism, also warrant attention in discussions of firm performance. The composition of the board of directors, for instance, can significantly impact firm strategy, risk management, and performance oversight.

These mechanisms collectively function as extensions of the accounting control system, influencing monitoring intensity, reporting discipline, and the accountability role of accounting information.

Similarly, the stability of ownership structure and the presence of activist shareholders can influence the extent to which managers are held accountable for their actions and decisions.

Examining the various facets of ownership structure allows researchers and practitioners to delve into the intricate mechanisms that underpin how ownership influences firm behavior and outcomes. Through rigorous analysis, they can uncover the causal relationships between ownership characteristics and various aspects of corporate performance, including financial performance, innovation, risk management, and sustainability.

Accordingly, the theoretical contribution of this study lies in repositioning ownership structure within accounting theory as an integral control and reporting mechanism that mediates the relationship between performance measurement and organizational accountability, rather than as a purely governance-oriented construct.

For example, studies may explore how ownership concentration affects managerial discretion and accountability, shedding light on the trade-offs between concentrated ownership's potential benefits in terms of monitoring and its drawbacks in terms of managerial entrenchment.

Moreover, understanding the nuances of ownership structure enables the identification of best practices and governance mechanisms that can mitigate agency conflicts and enhance shareholder value. By explicitly linking ownership structures to accounting measurement philosophy, this study advances accounting thought by clarifying how ownership influences the interpretation,

reliability, and evaluative role of performance metrics used in both financial reporting and performance assessment.

For instance, research may suggest optimal board compositions, ownership transparency measures, or shareholder engagement strategies that align the interests of stakeholders and promote long-term value creation. By synthesizing empirical evidence and theoretical frameworks, practitioners can develop tailored governance practices that suit the unique characteristics and challenges of different firms and industries.

Furthermore, insights derived from the study of ownership structure contribute to the evolution of regulatory frameworks and corporate governance standards.

These insights also carry implications for accounting standard setters, as ownership structures affect the effectiveness of disclosure, stewardship reporting, and accountability mechanisms embedded in accounting standards.

Policymakers and regulatory bodies rely on empirical research to inform policy decisions aimed at promoting market efficiency, investor protection, and corporate accountability. For instance, empirical evidence highlighting the impact of ownership transparency on firm performance may inform regulations mandating greater disclosure requirements for listed companies. Similarly, studies demonstrating the effectiveness of certain governance mechanisms in mitigating agency conflicts may influence the design of corporate governance codes and guidelines.

The insights generated from research on ownership structure not only advance academic knowledge but also have practical implications for firms, investors, policymakers, and other stakeholders. By understanding how ownership dynamics shape firm behaviour and outcomes, stakeholders can make more informed decisions regarding investment, strategic planning, risk management, and regulatory compliance. Moreover, by fostering a deeper understanding of the complex interplay between ownership and performance, research contributes to the on-going quest for more resilient, sustainable, and accountable corporate governance practices in an ever-changing business landscape.

## 2. Review of literature and hypothesis development

From an accounting control and agency-theoretic perspective, institutional ownership is conceptualized as an external governance mechanism that shapes monitoring intensity, reporting discipline, and the use of accounting-based performance measures.

Institutional ownership plays a significant role in influencing firm value, as evidenced by multiple studies across different sectors and regions. The positive impact of institutional ownership on firm value is consistently highlighted, suggesting that institutional investors contribute to enhanced market valuation and investor confidence. For instance, research on infrastructure sector companies in Indonesia indicates that institutional ownership positively affects firm value, while tax planning and avoidance do not have a significant impact (Juliani & Finatariani, 2023). Similarly, studies in the healthcare sector also confirm the positive influence of institutional ownership on firm value, alongside company age and capital structure (Murti et al., 2024). In the consumer goods sector, institutional ownership directly enhances firm value, and investment decisions mediate this effect, although dividend policy does not (Cahyaningtyas & Anwar, 2024). Furthermore, institutional ownership is linked to improved corporate governance and social responsibility, which in turn boosts firm value, particularly in emerging markets like Indonesia (Harahap & Isgiyarta, 2022). The banking sector research supports these findings, showing that institutional ownership can moderate the effect of intellectual capital on firm value ("The Influence of Intellectual Capital on Firm Value with Institutional Ownership as a Moderation Variable", 2023). In the Indian context, institutional ownership has been associated with increased market capitalization and firm value, as measured by the Market to Book ratio (Singh & Kansil, 2016). Additionally, profitability has been identified as a mediating factor in the relationship between institutional ownership and firm value, further emphasizing the importance of institutional investors in enhancing firm performance (Rachmat & Hendayana, 2023). The presence of institutional ownership, along with factors like firm size and asset management, has been shown to positively influence firm value, reinforcing the notion that institutional investors play a crucial role in corporate governance and value creation (Holly et al., 2023). Taken together, these findings are commonly interpreted as evidence that institutional ownership enhances firm performance by strengthening accounting oversight; however, this interpretation remains largely outcome-driven rather than conceptually grounded in accounting measurement theory.

However, this literature largely evaluates institutional ownership through firm value outcomes without explicitly examining how ownership structures influence the measurement properties, interpretive stability, and conceptual meaning of accounting-based versus market-based performance indicators. As a result, institutional ownership is often implicitly assumed to enhance accounting information quality, rather than being theorized as a determinant of how accounting performance itself is constructed and interpreted.

One of the most important pillars of the modern corporation is the separation of ownership and management (control). Modern corporations are typically run by professional executives (board of directors and managers) who own only a small fraction of the shares (Lauterbach & Vaninsky, 1999). Within accounting theory, this separation elevates the role of accounting information as a stewardship and monitoring mechanism intended to mitigate agency conflicts arising from dispersed ownership. The impact of a firm's equity structure and ownership on its value has been a long-established area of research, though most studies on this

topic have been conducted outside India in the early and recent period. This study found a lack of relevant research specifically in the Indian context. From an accounting control perspective, institutional ownership is theorized to function as an external monitoring mechanism that enhances reporting discipline, stewardship accountability, and the credibility of accounting-based performance measures. Within accounting theory, this separation elevates the role of accounting information as a stewardship and monitoring mechanism intended to mitigate agency conflicts arising from dispersed ownership.

(Khan et al., 2024) empirically investigated the influence of ownership structure and board characteristic on firm performance. A sample of 30 firms listed in Dhaka stock Exchange were analysed using two stage least square (2SLS) method. The results reveal that ownership structures and board characteristics have a mixed impact on firm performance. ROA is positively associated with foreign ownership because of focused utilization of assets, board independence but negatively associated with institutional ownership, government ownership, and family firms. ROE is positively influenced by gender diversity and board expertise, whereas government ownership, board size, and family firm ownership have a negative impact perhaps due to inefficient management mechanism obstacle firm performance. Sehrawat, (2020) analyzed the impact of corporate governance on firm's financial performance in India. For this, a sample of 2552 non-financial listed firms over a period of ten year (2010-2019) are taken. The financial performance of the firm's measured by ROA and Tobin's Q. While these findings document varied performance effects, they do not explicitly address whether differences in ownership structure influence the conceptual meaning, reliability, or comparability of accounting-based versus market-based performance measures.

The panel data analysis techniques are used for analysis. Concluded that board size, audit committee independence and CEO duality does not impact firm performance whereas managerial ownership has a positive impact on performance. Amina, (2017) concluded that there is no significant impact of corporate governance practices on firm's operational and financial performance in Saudi Arabia. For this 171 listed companies in Saudi stock exchange (TADAUWL) were selected for the period 2012 to 2014. The study also concluded that there's no significant impact for ownership of the largest shareholders and independency of Board of Directors on firm's market performance. Ownership and the size of the Board of Directors were found significant impact on firm's performance.

These mixed results point to an unresolved theoretical tension in accounting research regarding whether ownership structures uniformly enhance accounting-based performance evaluation or whether their effects are context-dependent and mediated by reporting and control mechanisms.

Indian firms should mostly rely on owners' fund i.e. equity capital than debt. However, especially domestic promoters' ownership and institutional ownership are suggested to be maintained at a reasonably high-level Pandey and Sahu, (2017). Srivastava, (2011) attempted to analyse the impact of ownership structure of the firm on its performance. For this article 98 listed firms on Bombay Stock Exchange (BSE India). Pooled OLS regression analysis is used to draw inferences. Concluded that accounting performance of the firms is influenced by dispersed ownership structure but stock market performance (i.e., P/E and P/BV ratios) is not influenced by these ownership variables because stock performance is implicitly affected by the market forces and economic condition rather then ownership concentration.

From an accounting measurement philosophy perspective, this divergence raises questions about whether commonly used performance metrics capture equivalent economic meanings across ownership regimes. A diffusely owned firms have been shown in previous studies to have poor performers in part due to the fact that diverse/diffuse shareholders lack the wherewithal and motivation to monitor, control and ratify management decisions (Ongore., 2011). Lauterbach and Vaninsky (1999) found that owner-managed firms are less efficient in generating net income than professionally managed firms, suggesting that ownership identity shapes performance outcomes. These findings further complicate accounting theory by challenging the assumption that performance measures are ownership-neutral indicators of organizational efficiency.

(Ali et al., 2022) analysed the impact of ownership structure and firm performance in Pakistan. To analyse the relationship between these variables a sample of 70 listed firms in Pakistan stock exchange has been taken for a period of seven year from 2010 to 2016. The study found that managerial ownership, family ownership and Institutional ownership are negatively affecting the firm performance. The relationship between ownership structure and firm performance is multifaceted, as evidenced by studies across different countries. In Nigeria, managerial and institutional ownership, along with ownership concentration, positively influence firm performance, aligning with agency and stewardship theories. However, foreign ownership does not significantly impact performance, suggesting contextual factors like regulatory and cultural differences may play a role.

In Poland, ownership concentration by the largest shareholder negatively affects market performance, highlighting the potential downsides of concentrated ownership in terms of market valuation (Gryko et al., 2024). Conversely, in Saudi Arabia, government, institutional, insider, and foreign ownership positively impact both accounting and market-based performance measures, while family ownership has a negative effect, supporting resource dependence and agency theories (Boshak, 2023). The moderating role of ownership structures is further emphasized in a study analyzing

management practices across 18 countries, where dispersed shareholder firms benefit most from effective management, unlike state-owned and private equity firms (Rieg & Ulrich, 2024). In India, corporate governance mechanisms, including insider and foreign ownership, positively correlate with firm performance, although board independence negatively impacts it, suggesting the need for careful selection of independent directors (Jain et al., 2023). These findings collectively underscore the complexity of ownership structures' impact on firm performance, influenced by regional, regulatory, and governance contexts. Taken together, this literature reveals a persistent theoretical gap in accounting research: while ownership structure is shown to affect firm performance, its role as an accounting control and reporting mechanism and its influence on the interpretation and reliability of performance measures remains insufficiently theorized.

## 3. Hypothesis Development

### 3.1 Theoretical Background

From an accounting and governance perspective, ownership structure plays a central role in shaping accounting control, monitoring mechanisms, and stewardship accountability within firms (Bushman et al 2001). Agency theory emphasizes the role of ownership in mitigating information asymmetry and aligning managerial incentives with shareholder interests, while stewardship theory highlights long-term orientation, trust-based control, and internal accountability. Accounting control theory further explains how ownership arrangements influence the reliability, credibility, and evaluative role of accounting information in performance assessment (Dechow et al., 2010). Accordingly, ownership structure is conceptualized not merely as a governance attribute, but as an accounting-relevant mechanism that conditions how performance information is generated, interpreted, and relied upon.

### 3.2 Conceptual Propositions

To translate the theoretical framework into testable expectations, the following conceptual propositions are developed:

**Proposition 1 (Accounting Control and Stewardship):** Ownership concentration enhances accounting control and stewardship accountability by strengthening monitoring intensity and oversight of financial reporting, thereby influencing the effectiveness of accounting-based performance evaluation.

**Proposition 2 (Performance Measurement Perspective):** Different ownership structures condition the relative relevance of accounting-based and market-based performance measures due to differences in monitoring incentives, information credibility, and evaluation horizons.

These propositions synthesize agency theory, stewardship theory, and accounting control theory, and provide the conceptual foundation for the hypotheses that follow.

### 3.3 Hypotheses Development

**Promoter Ownership and Firm Performance**

From an agency and accounting control perspective, promoter ownership aligns ownership and control, reduces information asymmetry, and strengthens internal monitoring and stewardship accountability. Promoters are more likely to rely on accounting information to evaluate operational performance and ensure accountability within the firm.

**H1:** Promoter ownership is positively associated with accounting-based firm performance.

**Institutional Ownership and Firm Performance**

Institutional investors function as sophisticated external monitors who demand higher levels of transparency, reporting discipline, and credible accounting information. Consistent with accounting control theory, institutional ownership is expected to strengthen monitoring mechanisms and improve the effectiveness of performance evaluation.

**H2:** Institutional ownership is positively associated with firm performance.

**Managerial Ownership and Firm Performance**

Accounting and governance theories offer competing predictions regarding managerial ownership. While agency theory suggests that managerial ownership may align incentives and improve performance, entrenchment arguments highlight the risk of weakened monitoring and reduced effectiveness of accounting controls.

**H3:** Managerial ownership is significantly associated with firm performance.

**Family Ownership and Firm Performance**

Stewardship theory argues that family ownership promotes long-term value creation, commitment, and accountability, whereas agency theory highlights the potential for private benefit extraction, reduced transparency, and weaker accounting discipline. These competing theoretical perspectives imply an ambiguous relationship between family ownership and firm performance.

**H4:** Family ownership is associated with firm performance.

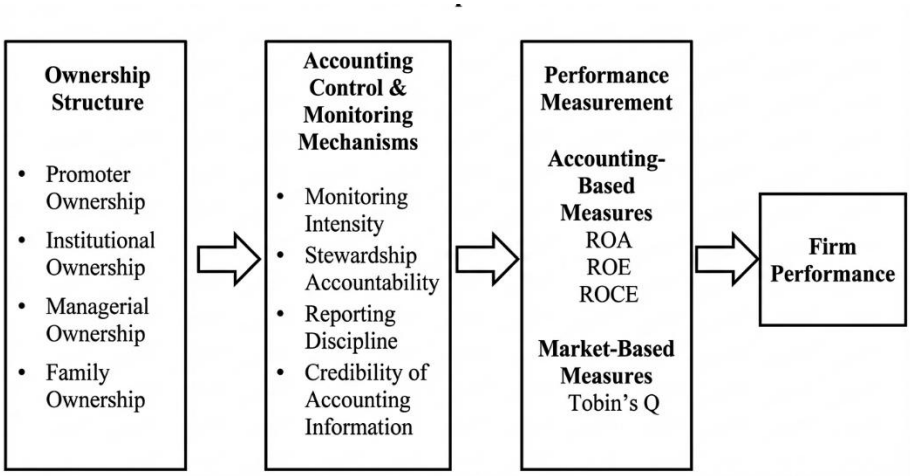



**Figure 1: Theoretical Framework of Ownership Structure and Firm Performance**

Figure 1 shows the theoretical framework illustrating how different forms of ownership structure influence firm performance through accounting control and monitoring mechanisms. The framework depicts promoter, institutional, managerial, and family ownership as key ownership structures that shape monitoring intensity, stewardship accountability, reporting discipline, and the credibility of accounting information.

### 3.4 Theoretical Expectations versus Empirical Testing

The hypotheses developed above are grounded in the study's accounting and governance framework, which explains how ownership structures influence accounting control, stewardship accountability, and the interpretation of performance measures. These hypotheses represent theoretical expectations, not empirical conclusions. The subsequent empirical analysis evaluates the extent to which observed accounting-based and market-based performance outcomes are consistent with these theoretical predictions, without presuming causality or offering normative managerial prescriptions.

## 4. Research methodology

### 4.1 Sample and Data

In this research, we investigate the impact of ownership structure on firms' financial performance using a sample of Indian corporate sector firms. Ownership structure refers to the distribution of ownership and control of a company's shares among different shareholder groups. The Indian corporate sector provides a large pool of listed firms and a rich body of prior literature, making it well suited for large-sample empirical analysis. Unlike many other markets, Indian firms tend to maintain relatively stable ownership patterns over time, which facilitates accurate identification of ownership affiliations for each sampled firm.

India has also established high standards of corporate governance through a well-developed regulatory framework that has been in place for over four decades, supported by multiple initiatives undertaken by the Securities and Exchange Board of India (SEBI), and an accounting system comparable to those of developed economies. Firm-level data are obtained primarily from the Prowess IQ database maintained by the Centre for Monitoring the Indian Economy (CMIE), supplemented with information from companies' annual reports.

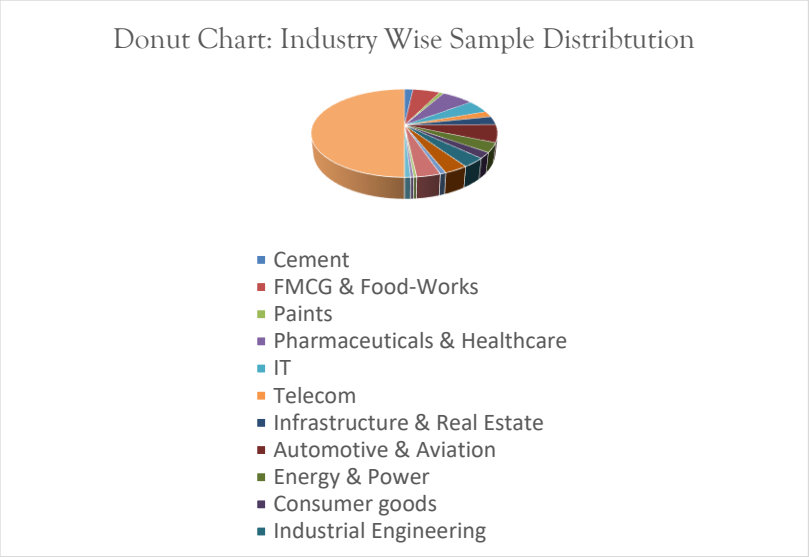
The sample comprises firms included in the BSE Dollex 200 index listed on the Bombay Stock Exchange (BSE), for which historical shareholding data are available. Firms operating in the financial services sector are excluded due to differences in regulatory and accounting requirements. Public sector firms are also excluded, as their performance is influenced by social obligations and regulatory considerations that are difficult to control for and may introduce bias. The analysis covers the period from 2014 to 2025 and is restricted to firms with sufficient data availability for both independent and dependent variables. The final sample consists of 115 firms, forming a balanced panel of 1,150 firm-year observations. For each firm-year observation, additional data are collected on leverage, board size, board meetings, firm size, and firm age.

**Table 1: Industry wise Classification of the firms**

| Sr. No | Industry | Firms included in Final Sample |
|---|---|---|
| 1 | Cement | 4 |
| 2 | FMCG & Food-Works | 13 |
| 3 | Paints | 2 |
| 4 | Pharmaceuticals & Healthcare | 15 |
| 5 | IT | 11 |
| 6 | Telecom | 5 |
| 7 | Infrastructure & Real Estate | 7 |

| | | |
|---|---|---|
| 8 | Automotive & Aviation | 15 |
| 9 | Energy & Power | 8 |
| 10 | Consumer goods | 5 |
| 11 | Industrial Engineering | 8 |
| 12 | Chemicals | 8 |
| 13 | Textiles | 2 |
| 14 | Metals | 8 |
| 15 | Hospitality | 1 |
| 16 | Retail | 1 |
| 17 | Oil & Gas | 2 |
| | **Total** | **115** |

Table 1 shows the industry wise firm classification of samples which included in the final sample. Almost all major industries have been covered in our analysis. In this final sample high proportion of Automotive & Aviation and Pharmaceuticals & Healthcare has been found followed by FMCG & Food-Works industry. So, this sample is highly representative of the Indian corporate sector.




It presents industry wise classification of the sample taken for the study. In BSE Dollex 200 index majority of the firms are included from Automotive and aviation sector, following Pharmaceuticals & healthcare and FMCG and food works. In this particular sample telecom and IT firms are at very large percentage. Hospitality and retail firms are at very low share in this sample. Overall all major sector firms are taken, hence this sample is totally a representative one.

### 4.2 KEY VARIABLES

#### 4.2.1 Independent Variables

The independent variables capture different ownership structures that reflect varying degrees of control, monitoring, and stewardship within firms. Promoter ownership represents concentrated control and long-term stewardship incentives, which are central to accounting control and agency theory. Institutional ownership reflects external monitoring by sophisticated investors and is expected to enhance reporting discipline and accountability. Managerial ownership captures the alignment between managers and shareholders but may also create entrenchment effects. Family ownership reflects relational control and long-term orientation, while private ownership represents dispersed, non-controlling shareholdings. Together, these ownership forms allow examination of how different governance and monitoring mechanisms influence the interpretation and effectiveness of accounting-based and market-based performance measures.

**Table:2 Description of Variables**

| Sr. No | Variable | Abbreviations | Description |
|---|---|---|---|
| *Dependent Variable* | | | |

| | | | |
|---|---|---|---|
| 1. | Return on Assets | ROA | Net income divided by Total Assets |
| 2. | Return on Equity | ROE | Net income divided by Shareholder's fund |
| 3. | Tobin's Q | TQ | Market Value by Total Assets |
| 4. | Return on Capital Employed | ROCE | EBIT divided by its capital employed |
| ***Independent Variable*** | | | |
| 5. | Promoter Ownership | PROWN | Percentage of Equity Shares held by Promoters. |
| 6. | Managerial Ownership | MNGOWN | Percentage of Equity Shares held by Managers. |
| 7. | Institutional Ownership | INTOWN | Percentage of Equity Shares held by Institutions. |
| 8. | Private Ownership | PVTOWN | Percentage of Equity Shares held by Individuals. |
| 9. | Family Ownership | FAMOWN | Percentage of Equity Shares held by Family. |
| ***Control Variables*** | | | |
| 10. | Board Size | BSIZE | Total number of directors in the company. |
| 11. | Board Meetings | BMEET | Number of board meetings held in a year. |
| 12. | Firm's Size | FSIZE | Natural log of total assets |
| 13. | Firm's Age | FAGE | Natural log of number of years between incorporation date and observation year. |
| 14. | Leverage | LEV | Ratio of debt to shareholder's fund |

#### 4.2.2 Dependent Variables

Firm performance has been assessed using a variety of measurement approaches in the ownership–performance literature. Market-based indicators such as Tobin's Q are commonly used to capture investors' expectations regarding future firm prospects, while accounting-based measures such as Return on Assets, Return on Equity, and Earnings per Share reflect historical operating outcomes derived from financial statements. Because these measures capture different dimensions of performance, firms may exhibit strong accounting returns but relatively weaker market valuations, or the reverse. To account for these differences, this study employs both accounting-based and market-based performance indicators. Return on Assets (ROA) and Return on Capital Employed (ROCE) are used to capture internal operating efficiency and stewardship accountability based on accounting information, while Tobin's Q serves as a market-based measure reflecting external valuation. The combined use of these performance proxies enables a more comprehensive examination of the relationship between ownership structure and firm performance.

#### 4.2.3 Control Variables

The other possible determinants of firm performance which are not captured by ownership variables are Considered as control variables. The control variables used in the study have been selected with reference to those employed in previous empirical studies. We use Firm's Size in terms of Natural log of total assets, Advertising Intensity, Distribution Intensity and Marketing Intensity and Firm's Age as the control variables. These expenditures may yield positive returns in future, thus enhancing firm performance. These variables also control for opportunities of discretionary expenditure by management. These are measured as a percentage of sales. These variables are used to control the operational aspects, based on empirical performance studies and literature reviewed in (Cui and Mak 2002).

### 4.3 SUMMARY STATISTICS

#### 4.3.1 Descriptive Statistics

The descriptive statistics, based on 1,265 firm-year observations from 115 listed firms, indicate substantial variation in firm performance and ownership structure. Accounting-based measures show moderate average profitability, with ROA, ROE, and ROCE displaying considerable dispersion across firms, while Tobin's Q exhibits wide variation, reflecting differences in market valuation. Ownership structure is highly concentrated, with promoter ownership averaging over half of total shareholding, followed by institutional ownership, while managerial, family, and private ownership remain relatively lower. Firms also vary significantly in size, age, and leverage, indicating heterogeneity in operational and financial characteristics. Overall, these statistics provide a robust empirical basis for examining the relationship between ownership structure and firm performance.

**Table: 3 Descriptive Statistics**

| Variable | Obs. | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|---|
| TQ | 1265 | 11.219 | 9.452 | .002 | 38.521 |
| EPS | 1265 | 61.438 | 136.405 | -21.06 | 978.14 |
| ROCE | 1265 | 18.059 | 17.256 | -15.29 | 101.9 |
| ROE | 1265 | 16.896 | 17.008 | -39.64 | 91.25 |

| | | | | | |
|---|---|---|---|---|---|
| ROA | 1265 | 9.866 | 8.407 | -13.18 | 34.24 |
| PVT OWN | 1265 | 2.069 | 2.787 | 0 | 24.39 |
| PROMOWN | 1265 | 51.315 | 19.235 | 0 | 75 |
| INSTITUTIONAL | 1265 | 32.002 | 15.255 | 0 | 89.3 |
| MANAGERIAL | 1265 | 1.535 | 2.868 | 0 | 30.63 |
| FAMILY OWN | 1265 | 7.457 | 15.335 | 0 | 58.55 |
| FIRM SIZE | 1265 | 4.151 | .574 | 2.859 | 5.988 |
| LEVERAGE | 1265 | .397 | 1.021 | 0 | 22.72 |
| FIRM AGE | 1265 | 3.485 | .853 | 0 | 5.231 |

Table 3 summarizes the distributional properties of firm performance measures, ownership variables, and control variables used in the analysis. All variables are measured consistently across firms and years, providing a suitable basis for subsequent panel regression analysis.

**Table:4 Correlation Matrix**

| Variables | TQ | ROA | ROE | ROCE | EPS | PVT | PROM | INSTI | MANG | FMLY | FSIZE | LEVG | FAGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **TQ** | 1.000 | | | | | | | | | | | | |
| **ROA** | 0.222 | 1.000 | | | | | | | | | | | |
| **ROE** | 0.146 | 0.772 | 1.000 | | | | | | | | | | |
| **ROCE** | 0.171 | 0.803 | 0.749 | 1.000 | | | | | | | | | |
| **EPS** | -0.001 | 0.224 | 0.179 | 0.210 | 1.000 | | | | | | | | |
| **PVT** | -0.085 | -0.054 | -0.032 | -0.041 | 0.314 | 1.000 | | | | | | | |
| **PROMO** | 0.128 | 0.095 | 0.066 | 0.055 | -0.005 | -0.245 | 1.000 | | | | | | |
| **INST** | 0.115 | 0.063 | -0.010 | -0.018 | -0.048 | 0.214 | -0.394 | 1.000 | | | | | |
| **MANG** | -0.101 | -0.094 | -0.078 | -0.063 | 0.303 | 0.210 | -0.087 | -0.014 | 1.000 | | | | |
| **FAMY** | 0.196 | 0.064 | -0.020 | -0.032 | -0.031 | -0.069 | 0.081 | 0.021 | -0.070 | 1.000 | | | |
| **F_SIZE** | -0.354 | -0.276 | -0.199 | -0.237 | -0.040 | 0.160 | -0.091 | 0.196 | 0.109 | -0.243 | 1.000 | | |
| **LEVG** | 0.088 | -0.042 | -0.014 | -0.032 | -0.020 | -0.029 | -0.026 | 0.014 | -0.085 | 0.074 | -0.051 | 1.000 | |
| **FAGE** | 0.035 | 0.156 | 0.106 | 0.223 | 0.078 | 0.151 | -0.101 | -0.041 | -0.004 | -0.102 | 0.016 | -0.114 | 1.000 |

**4.3.2 Correlation Analysis**

The correlation matrix summarizes the relationships among firm performance measures, ownership structures, and firm characteristics. Strong positive correlations are observed among accounting-based performance indicators, particularly between ROA, ROE, and ROCE, indicating that firms performing well on one accounting metric tend to perform well on others. In contrast, Tobin's Q shows weaker correlations with accounting-based measures, reflecting its sensitivity to market expectations rather than internal operating performance. Among ownership variables, private and managerial ownership exhibit modest positive associations with earnings performance, while promoter ownership shows weak positive correlations with performance and a notable negative correlation with institutional ownership, suggesting a substitutive relationship between these ownership forms. Family ownership displays limited association with performance indicators. Firm size is negatively correlated with most performance measures, indicating potential efficiency challenges in larger firms, while leverage and firm age show generally weak relationships. Overall, the correlation patterns suggest heterogeneous relationships across performance measures without indicating strong linear dependence among explanatory variables. Table 4 represents the correlation among the explanatory variables. Upon analysis, it was found that there is no serious correlation among these variables of our study.

#### 4.3.3 Multicollinearity

When two or more variable in a panel data model are closely related this phenomenon is called multicollinearity. Multicollinearity is a statistical phenomenon that can have a considerable impact on getting the correct validation for regression models. In panel data, which looks after the cross sections as well as different groups simultaneously it can be trickier to handle. As a result, the estimates of the regression coefficients may be unstable and unreliable in determining the actual relationship between the independent variables and the dependent variable can be challenging. The results of the Pearson's coefficient correlation analysis showed that there is no correlation exists among the coefficients of variables higher than 0.8 (the highest is 0.803 between two dependent variables only, so issue for the independent variable). We confirmed using the regression model assessing multicollinearity. For further verification, one more test commonly used was conducted using the Variance Inflation factor (VIF) coefficient when running the regression, and the results revealed no multicollinearity in the data set (VIF < 5). Table 5 reports Variance Inflation Factor (VIF) values for the independent and control variables included in the regression models. All VIF values are well below the commonly accepted threshold of 5, indicating the absence of multicollinearity concerns and confirming the suitability of the variables for panel regression analysis.

**Table : 5 Variance Inflation Factor**

| Variable | VIF | 1/VIF |
|---|---|---|
| INSTI | 1.274 | .785 |
| PROM | 1.253 | .798 |
| PVT | 1.168 | .856 |
| FAMLY | 1.091 | .916 |
| MANG | 1.074 | .931 |
| FSIZE | 1.133 | .882 |
| FAGE | 1.064 | .94 |
| LEVG | 1.028 | .973 |

#### 4.3.4 Empirical Model

Our main objective is to find out how firm performance gets impacted by different ownership groups. We take firm performance variable (Tobin's Q, ROE, EPS, ROA and ROCE) at the end of fiscal year as endogenous variable and institutional, promoters, Private, family and managerial shareholding as exogenous variables. These performance measures are selected to capture both the stewardship and control role of accounting-based indicators (ROA, ROE, ROCE, EPS) and the external valuation perspective reflected in the market-based measure (Tobin's Q), which is central to accounting measurement theory**.** The problem can be avoided if we construct two separate regression models, following Ganguli and Agarwal's model whereby in the first equation we take promoters' holding as exogenous variable, while in the other we take non-promoters' holding as exogenous. This separation is theoretically motivated, as promoter ownership represents concentrated control and stewardship incentives within accounting control theory, whereas non-promoter ownership reflects dispersed ownership associated with external monitoring and reliance on reported accounting information. Equation-1 shows the impact of concentration on performance, and the other equation reveals the impact of diffuseness on performance. The generalised equation is given below.

$Performance_{it} = \alpha + \beta 1 OWN_{it} + \beta 2 Controls_{it} + \mu_i + \varepsilon_{it}$

here $i$ denotes firm and $t$ denotes year.

The empirical analysis is intended to illustrate and contextualize the theoretical arguments developed in this study, rather than to constitute its primary contribution. The regression results are interpreted through the lenses of agency theory, stewardship theory, and accounting control theory.

## 5. Data analysis

We regressed the dependent variable Tobin's Q, ROA, and ROCE on various explanatory variables.

**Pooled OLS vs Random Effects vs Fixed Effects**

The use of either of the above stated models hinges on whether the cross-section-specific error components are correlated with the explanatory variables. If they are correlated, the use of a Random Effects or Error Component Model would be inappropriate. For testing this, we employ the Hausman specification test. The Hausman test is used to compare the coefficient estimates of two different models: a fixed effects model and a random effects model. The null hypothesis states that the individual-specific effects are not correlated with the explanatory variables, and the alternate hypothesis states that the individual-specific effects are correlated with the explanatory variables.

We conducted a Random Effects estimation and applied the Hausman test, and subsequently conducted panel analysis using the Fixed Effects model. Firstly, we conducted the analysis with promoter ownership as the independent variable with respect to Tobin's Q, ROA,

and ROCE. Then, we conducted the analysis with non-promoter ownership as the independent variable with respect to Tobin's Q, ROA, and ROCE.

**Table 6: Regression Results**

| | Market Based Measure | Accounting Based Measures | | |
|---|---|---|---|---|
| | Model | Model 2 | Model 3 | Model 4 |
| **VARIABLES** | Tobin' Q | ROA | ROE | EPS |
| **PVTOWN** | 0.0475** | -0.0148 | -0.0209 | 8.813*** |
| | (0.0197) | (0.101) | (0.247) | (2.001) |
| **PROMOWN** | 0.0202 | 0.0875** | 0.0950 | 1.752 |
| | (0.0158) | (0.0348) | (0.0658) | (1.655) |
| **INSTOWN** | 0.0404*** | 0.0975** | 0.110 | 1.312 |
| | (0.0152) | (0.0393) | (0.0775) | (1.581) |
| **MANGOWN** | 0.0512*** | -0.0512 | -0.212 | -0.831 |
| | (0.0196) | (0.0909) | (0.221) | (2.011) |
| **FAMOWN** | 0.000733 | -0.00949 | -0.0834 | -0.175 |
| | (0.0122) | (0.0388) | (0.0752) | (1.222) |
| **FIRMSIZE** | 0.554*** | -3.158*** | -7.730*** | 67.93*** |
| | (0.108) | (0.692) | (1.587) | (10.64) |
| **FIRMAGE** | 0.111 | 1.071** | 2.289** | 4.420 |
| | (0.0903) | (0.524) | (1.142) | (8.881) |
| **LEVERAGE** | 0.0162 | 0.0701 | -0.226 | 0.253 |
| | (0.0183) | (0.143) | (0.381) | (1.791) |
| **Constant** | 6.016*** | 11.78*** | 33.68*** | -383.6*** |
| | (1.610) | (4.341) | (9.174) | (144.8) |
| **Observations** | 1,265 | 1,265 | 1,265 | 1,265 |
| **R-squared** | | | | 0.070 |
| **Number of firms** | 115 | 115 | 115 | 115 |

Table 6 reports the regression results linking ownership structure to firm performance using market-based and accounting-based measures across 1,265 firm-year observations. Private, institutional, and promoter ownership are positively associated with firm performance, particularly in accounting-based measures, reflecting stronger monitoring and internal accountability. In contrast, managerial and family ownership show weak effects, while firm size and age influence market valuation and accounting performance differently.

## 6. RESULTS AND THEORETICAL ANALYSIS

The regression results are interpreted through the lenses of agency theory, stewardship theory, and accounting control theory, with emphasis on the conceptual meaning of ownership structures rather than coefficient magnitudes. Overall, the findings indicate that ownership structure influences firm performance in a non-uniform manner, reinforcing the view that accounting-based and market-based performance measures are not ownership-neutral. From an agency-theoretic and accounting control perspective, institutional and private ownership are associated with stronger monitoring incentives, which is reflected in higher market valuation and improved accounting performance. Promoter ownership exhibits a stronger relationship with accounting-based performance than with market-based measures, suggesting that promoter control enhances internal stewardship and operational accountability rather than external market perception. In contrast, managerial and family ownership display weaker or inconsistent associations with performance outcomes, indicating limitations of informal or relational control mechanisms in strengthening the evaluative role of accounting information. A key insight emerging from the analysis is the divergence between accounting-based measures and market-based measures across ownership types, which accounting theory explains by differences in information content, monitoring intensity, and valuation horizons. These findings largely align with theoretical expectations from agency and accounting control theories, while challenging stewardship-based assumptions that accounting outcomes are uniformly interpreted across ownership regimes. Rather than merely confirming prior empirical evidence, the results contribute to accounting theory by demonstrating that ownership structure conditions how

accounting information is used, interpreted, and relied upon in performance evaluation.

## 7. DISCUSSION

The findings contribute to accounting theory by demonstrating that ownership structure functions as an integral element of accounting control and performance evaluation rather than merely a contextual governance variable. The evidence indicates that promoter ownership strengthens the stewardship and monitoring role of accounting information, supporting agency theory and accounting control theory, which emphasize alignment between ownership, reporting discipline, and accountability. At the same time, the weaker and inconsistent effects associated with managerial and family ownership challenge stewardship-based assumptions that trust and long-term orientation uniformly enhance accounting outcomes. The observed divergence between accounting-based and market-based performance measures across ownership structures further highlights that accounting information is not ownership-neutral but conditioned by monitoring incentives, information credibility, and evaluation horizons. These results refine existing accounting theory by positioning ownership structure as an informational and reporting governance mechanism that shapes how accounting measures are interpreted, relied upon, and used in organizational accountability, thereby opening avenues for future theoretical models integrating ownership into accounting measurement and control frameworks.

## 8. CONCLUSION

The study advances accounting theory by reconceptualizing ownership structure as an integral component of accounting control, measurement, and stewardship rather than merely an empirical determinant of firm performance. By embedding ownership structure within accounting theory, the study moves beyond outcome-based explanations and contributes to a deeper understanding of how accounting information functions under alternative ownership regimes. The central theoretical contribution lies in demonstrating that ownership structure conditions the interpretation, reliability, and evaluative role of accounting-based and market-based performance measures. In particular, promoter ownership strengthens the stewardship and monitoring role of accounting information, supporting agency-based and accounting control perspectives that emphasize alignment between ownership, accountability, and performance evaluation. At the same time, the differentiated effects of ownership forms challenge the implicit assumption in accounting research that performance measures are ownership-neutral representations of economic outcomes. Rather than emphasizing managerial or policy prescriptions, this study highlights the conceptual significance of ownership structure for accounting research. It underscores the need to theorize ownership as part of the accounting control environment that shapes reporting discipline, measurement credibility, and accountability mechanisms. The study also opens new avenues for theoretical inquiry. Future research may develop conceptual models linking ownership structure to accounting measurement philosophy, disclosure incentives, and control effectiveness, thereby strengthening the role of accounting theory in explaining organizational performance and stewardship. By shifting attention from empirical outcomes to accounting meaning and interpretation, this study contributes to a more theoretically grounded understanding of ownership accounting relationships.

## 9. IMPLICATIONS FOR ACCOUNTING THEORY AND RESEARCH

The study offers important implications for accounting theory by reconceptualizing ownership structure as an integral component of accounting control, measurement, and reporting systems rather than a purely governance-related attribute. It challenges the implicit assumption in traditional accounting research that accounting performance measures are ownership-neutral, demonstrating that ownership structures condition the reliability, relevance, and stewardship role of accounting information. From an accounting measurement perspective, the findings suggest that commonly used performance indicators such as ROA, ROE, and Tobin's Q may convey different economic meanings across ownership regimes. This insight extends agency theory and accounting control theory by highlighting ownership as a mechanism that shapes monitoring intensity, reporting discipline, and the interpretive stability of accounting outcomes. It also has implications for accounting standard setters by emphasizing the need to recognize ownership structure as part of the broader accounting control environment. Enhanced ownership-related disclosures may improve users' understanding of reported performance and strengthen the stewardship and accountability objectives of financial reporting. For accounting researchers, the findings underscore the importance of shifting focus from outcome-based analyses toward theorizing how ownership structures influence the construction and use of accounting information. Future research may develop conceptual models linking ownership structure to accounting control systems, disclosure incentives, and performance measurement processes, thereby advancing a more theoretically grounded understanding of ownership–accounting relationships.

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