

MODERATING ROLE OF EXECUTIVE COMPENSATION ON MANAGERIAL & CONCENTRATED OWNERSHIP AND MARKET VALUE OF LISTED CONSUMER AND INDUSTRIAL GOODS FIRMS IN NIGERIA

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ABSTRACT

The separation between ownership and control has been identified as the main cause of the agency problem, resulting in a disparity between the interests of the agents and those of the principals and this consequently, exert an effect on performance. Corporate governance mechanisms are the main ways of resolving the agency problem at all levels. Thus, this study examined managerial ownership, concentrated ownership and market value of listed consumer and industrial goods firms in Nigeria when moderated by executive compensation. To achieve these objectives, ex- post facto research design was employed with longitudinal panel. The population of the study cover all the twenty-one (21) listed consumer and 13 industrial goods firms on the Nigerian Exchange Group and a sample size of twenty six (26) listed consumer and industrial goods firms that had consistently published their audited annual financial reports from 2010 to 2024, and analyzed the data using panel multiple regression technique with the aid of E- view 13 statistical tools. The result of the study revealed that managerial ownership percentage had positive and significant effect on price to book value of listed consumer and industrial goods firms in Nigeria, likewise when moderated by executive compensation. Concentrated ownership percentage on the other hand, had positive but insignificant effect on price to book value, but when moderated with executive compensation, concentrated ownership percentage has a positive and significant effect on price to book value of listed consumer and industrial goods firms in Nigeria. The study, therefore, concludes that when managerial and concentrated ownership are moderated by executive compensation, it has a positive and significant effect on market value of listed consumer and industrial goods firms in Nigeria. Based on these findings, it is recommended that management of listed consumer and industrial goods firms should balance managerial ownership and concentrated ownership with executive compensation to maximize market value and protect the interests of all shareholders.

Keywords: Managerial Ownership, Concentrated Ownership, Market Value, Price to Book Value, Firm Age.

1. INTRODUCTION

Market value serves as a critical measure of a firm's financial health and investor perception, reflecting the market's assessment of the company's potential to generate future earnings. It is often expressed through metrics like share prices, price-to-book value ratios, or market capitalization (Bakoji & Ishaku, 2023). For consumer and industrial goods firms, which are integral to Nigeria's economy, market value not only signifies financial performance, it also underscores their broader economic impact. These firms drive manufacturing activities, contributing significantly to infrastructure development and economic growth. As a result, understanding the determinants of market value is essential for stakeholders such as investors, regulators, and corporate managers (Dabari & Liuraman, 2022).

In emerging markets like Nigeria, fluctuations in market value often result from macroeconomic volatility, regulatory changes, and corporate governance dynamics (Farouk & Ahmed, 2023). Corporate governance, in particular, has become a focal point for regulators, investors, and academics as it directly influences firm performance and market valuation. Corporate governance is a key factor influencing market stability in emerging markets like Nigeria, where economic volatility, regulatory changes, and investor uncertainty often lead to fluctuating market values. Effective governance practices, such as transparency, accountability, and strategic oversight, help firms mitigate risks, attract investment, and maintain stable financial performance. In volatile markets, strong corporate governance provides a framework for managing economic challenges and enhances investor confidence, which can positively impact a company's market valuation (Abubakar, 2022). Additionally, regulatory reforms and compliance with governance standards, such as Nigeria's Corporate Governance Code, further support market stability by ensuring that firms operate in a manner that protects investors and upholds ethical standards, thus promoting long-term value creation.

Effective governance practices, such as ensuring transparent financial reporting and aligning executive incentives with shareholder interests, enhance investor confidence and market perception, especially in sectors like consumer goods. For these listed firms, addressing governance concerns, particularly around ownership structures and executive compensation, is crucial for maintaining and improving market value (Bamidele et al., 2023). In addition to these governance factors, firm-specific risks, such as operational inefficiencies, supply chain disruptions, and regulatory compliance challenges, can disproportionately impact companies in these sectors. For consumer and industrial goods firms, effective management of governance and these specific risks is key to sustaining long-term value amidst market fluctuations.

Managerial ownership refers to the proportion of equity in a company that is owned by its executives and managers. It is considered a significant element of corporate governance, as it aligns the interests of the managers with those of the shareholders (Garba, 2018). When managers hold a substantial stake in the firm, they are more likely to act in the best interests of shareholders, as their financial well-being is directly tied to the company's performance. This reduces agency costs associated with the principal-agent problem, where the interests of shareholders and managers may diverge (Jensen & Meckling, 1976). Recent studies indicate that managerial ownership can foster greater commitment and incentivize managers to pursue strategies that maximize shareholder value (Zhu et al., 2023).

Concentrated ownership refers to a situation where a relatively small number of shareholders hold a significant proportion of a company's equity, granting them substantial control over strategic decision-making (Zhu et al., 2020). In corporate governance research, ownership is typically considered concentrated when a shareholder or a group of related shareholders owns 20% or more of the company's shares, as this level allows for considerable influence over major decisions. Some studies use a 30% threshold to indicate substantial control, while ownership exceeding 50% denotes majority control, allowing shareholders to unilaterally determine corporate policies and board appointments. Alternatively, concentration can also be measured by aggregating the holdings of the top five shareholders; if they collectively own more than 50%, it is considered highly concentrated. These thresholds can vary by country, industry, and regulatory environment (Alvarez & Rodríguez, 2022). In Nigeria, as in many emerging markets, ownership tends to be more concentrated, often due to family-owned businesses or institutional investors holding significant stakes.

Executive compensation represents a significant mechanism in corporate governance, designed to align the interests of management with those of shareholders. Compensation packages, including salaries, bonuses, stock options, and other benefits, are structured to incentivize executives to drive firm performance and enhance market value (Akanfe & Oladipo, 2017). The effectiveness of such compensation structures depends on how well they are tailored to the firm's ownership patterns and governance environment. When appropriately designed, executive compensation serves as a moderating factor, ensuring that ownership structures contribute positively to market value. However, poorly aligned compensation schemes can lead to agency conflicts, where executives prioritize personal gains over shareholder interests, undermining firm value (Kantudu & ZikRullahi, 2020).

To find out the effect of managerial ownership and concentrated ownership on market value, these variables therefore need to be measured reliably, using managerial ownership percentage, concentrated ownership percentage, market value, price to book value as well as firm age introduced as control variable, these must be correctly identified to provide unbiased explanation. The percentage of a company's shares held by its management group, which includes directors and commissioners, is known as the managerial ownership percentage. The percentage of a company's shares owned by a relatively small group of major shareholders often comprising institutional investors and insiders like management and directors is referred to as concentrated ownership. Market value is the amount a willing buyer would pay and a willing seller would accept for an asset, business, or piece of real estate. The Price-to-Book (P/B) ratio compares a company's current market value to its book value, providing insights into whether a stock is undervalued or overvalued. Firm age refers to the length of time a firm has been in operation, typically measured in years from its inception. However, the major problems facing consumer goods firms in Nigeria in achieving their stated objectives and goals include, but are not limited to, macroeconomic volatility, regulatory changes, corporate governance dynamics, financial leverage, and firm-specific risks have been a barrier to the growth and development of consumer and industrial goods firms in Nigeria. This singular activity has eroded investors' confidence and generally led to weak economic growth and a decline in the overall market value of the sector (Bakoji & Ishaku, 2023).

Previous studies conducted on managerial ownership and concentrated ownership on market value

in Nigeria has always revealed mixed and inconclusive outcomes. In Nigeria, several local studies on managerial ownership and concentrated ownership, and market value have not been thoroughly researched. For instance, the fewer of earlier studies that focused on the subject, Farouk et al. (2023); Zik-Rullahi and Farouk (2021) and Kantudu and Zik-Rullahi (2020) have investigated the relationship between managerial ownership and concentrated ownership on market value, a large gap exists in the methodologies utilized. Unlike past research that typically scales managerial ownership and concentrated ownership using the percentage of shares held, this present study employed the use of managerial ownership percentage, concentrated ownership percentage and the moderating effect of executive compensation and firm age introduced as control variable with the use of price to book value as a measure of market value. Additionally, the incorporation of data from the 2010 to 2024 accounting years in the present study gives a valuable feature of recency and relevancy to the literature. While past research such as that of Abdulkarim, and Bahamman (2020) has utilized data from earlier times with the use of primary data, the addition of more recent financial data with the use of secondary data allows for a more up-to-date analysis of the relationship between managerial ownership and concentrated ownership on market value when moderated with executive compensation of listed consumer goods firms in Nigeria. To make this study timely and relevant to today's world, this present study covers a period of 15 years from 2010-2024. Based on the foregoing and identified gaps, the study sets out to assess and seek to unveil the managerial ownership and concentrated ownership on market value of listed consumer and industrial goods firms in Nigeria when moderated by executive compensation to fill the existing research gaps. The basic hypotheses underlying this study are stated thus in null form; Ho1 Managerial ownership percentage has no significant effect on price to book value of listed consumer and industrial goods firms in Nigeria when moderated by executive compensation. H02: Concentrated ownership percentage has no significant effect on price to book value of listed consumer and industrial goods firms in Nigeria when moderated by executive compensation.

2. LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Managerial Ownership

Managerial ownership is the percentage of shares owned by the corporate managers, commissioners, and those directly involved in the management of the corporations (Agustia et al., 2018). Therefore, the proportion of shares owned by a company's management is referred to as managerial ownership. One of the most crucial components of the corporate ownership structure is thought to be managerial ownership. The management ownership structure can be explained using either the agency technique or the imbalance approach. The management ownership structure is viewed from an agency perspective as a tool or instrument for reducing agency conflict between shareholders and managers of a corporation. The managerial ownership structure is considered a means to lessen the knowledge asymmetry between insiders and outsiders under the imbalance approach. Managerial ownership also affects the governance structure within firms. When managers own a significant portion of the company, they are more likely to ensure strong governance practices, as they have a personal stake in maintaining the company's long-term value. Studies have shown that firms with higher managerial ownership tend to have more independent boards and fewer agency-related issues (Liu et al., 2021). This is because managers, who are also owners, are more inclined to act in the interests of shareholders and adopt long-term strategies.

However, while ownership alignment can improve governance, too much managerial. Increasing managerial ownership is a technique to boost transparency because doing so will inspire managers to perform better, which will benefit the business and lead to goal congruence. Greater managerial ownership will encourage management to be more committed to enhancing their performance since management must satisfy the desires of shareholders, who are none other than themselves. (Liu et al., 2021). Because the advantages of those decisions will be passed directly to management, decision-making will be more cautious. Furthermore, if management makes the wrong choices, losses result. Because the advantages of those decisions will be passed directly to management, decision-making will be more cautious. Furthermore, if management makes the wrong choices, losses result.

2.1.2 Managerial Ownership Percentage

The managerial ownership percentage refers to the portion of a company's shares held by its management group, which includes directors and commissioners. It measures the proportion of the company's shares held by individuals who actively participate in daily operations and decision-making. Managerial ownership percentage is a percentage of shares held by the management that actively participate in corporate decisions, including the commissioners and directors. According to Liu et al (2021), managerial ownership allows managers to dominate the company and decide which strategies and policies the company will take because, in this case, the manager also acts as a shareholder.

The percentage is calculated by dividing the total number of shares held by the management team by the total number of outstanding shares, then multiplying by 100 to express it as a percentage. Based on this study, managerial ownership percentage can be mathematically expressed as follows:

$$MO(\%) = \frac{\text{Shares held by Executives and Directors}}{\text{Total Outstanding Shares}} \times 100$$

2.1.3 Concentrated Ownership

Concentrated ownership refers to a situation where a relatively small number of shareholders hold a significant proportion of a company's equity, granting them substantial control over strategic decision-making (Zhu et al., 2020). In corporate governance research, ownership is typically considered concentrated when a shareholder or a group of related shareholders own 20% or more of the company's shares, as this level allows for considerable influence over major decisions. Some studies use a 30% threshold to indicate substantial control, while ownership exceeding 50% denotes majority control, allowing shareholders to unilaterally determine corporate policies and board appointments. Alternatively, concentration can also be measured by aggregating the holdings of the top five shareholders; if they collectively own more than 50%, it is considered highly concentrated. These thresholds can vary by country, industry, and regulatory environment (Alvarez & Rodríguez, 2022). In Nigeria, as in many emerging markets, ownership tends to be more concentrated, often due to family-owned businesses or institutional investors holding significant stakes.

One of the most frequently cited advantages of concentrated ownership is the reduction in agency costs. When ownership is concentrated, the principal-agent problem, where managers act in their

interest at the expense of shareholders, can be mitigated. In firms where large shareholders exert significant control, decisions are often more aligned with long-term performance and shareholder value, potentially leading to more efficient operations (Krause et al., 2021). This dynamic is particularly significant in emerging markets where institutional frameworks may not be robust enough to prevent managerial opportunism (Ammann et al., 2019). Concentrated ownership may improve oversight and lower agency costs by giving controlling shareholders more sway over management choices and corporate policies. Because controlling shareholders are more likely to keep a close eye on management and make sure they are acting in the company's best interests, concentrated ownership can also result in more transparency and accountability.

2.1.4 Concentrated Ownership Percentage

Concentrated ownership percentage can be described as the percentage of a company's shares owned by a relatively small group of major shareholders often comprising institutional investors and insiders like management and directors. Instead of being distributed among several small investors, it shows the proportion of a company that is controlled by a limited number of people or organizations. Concentrated ownership occurs when a small number of shareholders, such as big institutions, management, or a single family, own a substantial amount of a company's equity (Krause et al., 2021).

Ownership concentration is often measured by calculating the cumulative percentage of shares held by the top few shareholders, usually the top 5 or 10, and/or by including insiders like management.

$$CO(\%) = \frac{\text{Shares held by Largest Shareholders}}{\text{Total Outstanding Shares}} \times \frac{100}{1}$$

2.1.5 Market Value

Market value, in the context of financial markets and corporate finance, refers to the total value of a company's outstanding shares of stock in the stock market. It is a key indicator used by investors, analysts, and other stakeholders to assess the overall worth of a publicly traded company (Bakoji & Ishaku, 2023). Market value is the total value of a company's outstanding shares of stock, reflecting the current market price per share and providing an indicator of the company's worth in the eyes of investors (Kantudu & Zik-rullahi, 2020). The definition is clear and straightforward, making it accessible to a wide audience, including investors, analysts, and stakeholders. It covers the key components of market value, including the total value of outstanding shares and the current market price per share. It emphasizes the practical significance of market value as an indicator of a company's worth from the perspective of investors. While the definition captures the essence of market value, it focuses primarily on the perspective of investors. It may overlook other stakeholders' perspectives, such as employees, customers, and communities affected by the company's operations. The definition does not provide context regarding the factors influencing market value, such as financial performance, industry trends, competitive landscape, and macroeconomic conditions. Understanding these factors is crucial for a comprehensive assessment of market value.

Market value is portrayed as a static measure based on the current market price per share. However, market value is inherently dynamic and subject to constant fluctuations due to changes in investor

sentiment, market conditions, and other variables. Market value is a dynamic and real-time measure that captures the collective valuation of a company based on the prevailing stock prices in the financial markets (Kantudu & Zik-rullahi, 2020). The definition acknowledges the dynamic nature of market value, emphasizing its real-time nature. This is crucial for understanding that market value constantly changes based on market dynamics. The definition does not attribute the source of market value explicitly to investor perceptions, expectations, or other factors. Understanding what drives the collective valuation could provide a more nuanced perspective. Similar to the previous definition, the focus is on investors. A more comprehensive definition could consider the perspectives of various stakeholders, as the market value impacts not only investors but also employees, customers, and the broader community.

2.1.6 Price to Book Value

Price-to-book value (P/BV) is a financial metric that compares a company's market value to its book value, providing insight into how the market perceives the firm's underlying financial health and potential. It is calculated by dividing the market value per share by the book value per share (Kantudu & Zik-rullahi, 2020). The book value represents the net asset value of a company, calculated as total assets minus total liabilities, as recorded on the balance sheet. This metric is commonly used by investors to evaluate whether a company is undervalued or overvalued relative to its assets, offering a lens into the firm's operational efficiency and management effectiveness (Kantudu & Zik-rullahi, 2020).

The P/BV ratio is often seen as a proxy for market sentiment and investor confidence. A ratio above 1 indicates that the market values the company at a premium to its book value, suggesting strong investor confidence in the firm's growth prospects, profitability, or intangible assets such as brand value or intellectual property. Conversely, a P/BV ratio below 1 implies that the company is trading at a discount to its book value, which may signal market concerns about the firm's future performance or financial stability (Kantudu & Zik-rullahi, 2020). This makes P/BV particularly relevant for comparing companies within the same industry, as it reflects both the tangible assets and the market's perception of a company's potential.

$$PBV = \frac{\text{Market Price per Share}}{\text{Shareholders Equity}} \times \frac{100}{1}$$

2.1.7 Executive Compensation

Executive compensation refers to the financial and non-financial rewards provided to senior executives, such as salaries, bonuses, stock options, and other benefits. It serves as a critical governance tool to align the interests of executives with those of shareholders, thereby mitigating agency conflicts (Komolafe, 2024). The design and structure of executive compensation packages play a pivotal role in influencing managerial behavior, strategic decisions, and overall firm performance. For instance, performance-based compensation can motivate executives to pursue goals that enhance market value and shareholder wealth (Akanfe & Oladipo, 2017).

In Nigeria, the structure of executive compensation has gained significant attention due to the increasing focus on corporate governance reforms. The Nigeria Code of Corporate Governance (2018) highlights the importance of transparency and fairness in executive pay to foster trust

among stakeholders and ensure sustainable business practices. Similarly, the Companies and Allied Matters Act (2020) emphasizes the need for proper disclosure of executive compensation in corporate financial reports. These regulations aim to address concerns about excessive pay and misalignment between compensation and firm performance, which have been longstanding issues in corporate governance (Abubakar, 2022; Farouk & Ahmed, 2023). Empirical studies have revealed mixed findings on the relationship between executive compensation and firm performance. For instance, Komolafe (2024) found that executive salaries positively and significantly affect the return on equity in Nigerian commercial banks, while bonuses showed a negative and insignificant effect. Similarly, Kantudu and Zik-Rullahi (2020) observed that executive compensation, particularly equity-based incentives, can align managerial goals with shareholder interests, thereby enhancing firm value. However, excessive reliance on fixed pay may reduce motivation to improve performance, highlighting the need for a balanced compensation structure.

$$EC = \frac{\text{Base Salary} + \text{Annual Bonus} + \text{Stock Options} + \text{Other Benefits}}{\text{Shareholders Equity}} \times 100$$

2.1.8 Firm Age

Firm age refers to the number of years a company has been in existence since its incorporation. It serves as an important firm-specific characteristic in corporate governance and financial performance studies, as it reflects the firm's experience, stability, and ability to navigate market challenges (Ekwueme & Sunday, 2024). Older firms are generally considered more established, with a proven track record of performance and a deeper understanding of industry dynamics. In contrast, younger firms may be more agile and innovative but are often exposed to higher risks due to limited operational experience (Farouk & Ahmed, 2023).

The age of a firm can significantly influence its governance practices and market value. Established firms with a long operational history often have well-defined governance structures, including experienced boards and management teams (Abubakar, 2022). These firms tend to attract more investors, leading to enhanced market value and reduced cost of capital. Additionally, older firms often benefit from strong brand recognition, customer loyalty, and extensive networks, which contribute to their competitive advantage. However, the maturity of older firms may sometimes result in bureaucratic inefficiencies and resistance to change, which could hinder innovation and adaptability (Komolafe, 2024).

$$\text{Firm Age} = \text{Current year} - \text{Incorporation Year}$$

2.2. Empirical Review

Yuwansyari et al. (2024) assessed managerial ownership and institutional ownership of firm value in manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2021. The research includes quantitative research with secondary data sources on annual reports. The sampling technique in this study used purposive sampling and obtained a sample of 40 companies from 211 companies in 1 year. The data analysis method used in this study is the multiple linear regression analysis method with the help of SPSS 27 software. The study found that managerial ownership and institutional ownership do not affect firm value. The study therefore recommends that

management of listed manufacturing firms in Indonesia should assess their managerial and institutional ownership to improve their firm value. Based on the geographical gap, the findings and recommendations of companies in Indonesia might not apply to listed consumer goods firms in Nigeria.

Komolafe, (2024) examined the effect of executive compensation and the financial performance of quoted commercial banks in Nigeria. The ex post facto research design was employed, and secondary data were sourced from the annual reports of 13 quoted commercial banks listed on the Nigerian Exchange Group between 2013 and 2022. The panel linear regression technique was adopted, and data were analyzed using E-views to determine the effect of executive compensation on financial performance. Return on equity and earnings per share were modeled as a function of executive salaries, bonuses, and executive equity holdings. The study found that executive salary has a positive and significant effect on return on equity, executive equity holding has positive but no significant effect while executive bonuses have negative and no significant effect on return on equity of the quoted commercial banks, and that executive salaries have negative relationship with earnings per share, while executive equity holding and executive bonuses have positive relationship with earnings per share of the quoted commercial banks in Nigeria. The study recommends that executive compensation packages should be based on performance to align compensation with company success. The study's narrow focus on executive salaries and bonuses ignores other compensation components such as stock options. Additionally, the dataset used excludes industries outside banking, limiting the applicability of the results.

Okafor et al. (2023) investigated the effect of ownership concentration on agency costs of industrial firms listed on the Nigerian Exchange Group. The specific objectives were to examine the effect of government ownership, managerial ownership, institutional ownership, and foreign ownership on the agency cost of firms listed on the Nigerian Exchange Group. The Principal Component Analysis (PCA) method of data analysis was used. Secondary sources of data were employed; the variables were sourced from the annual reports of the quoted industrial firms. The variables were asset utilization as the dependent variables, while government ownership, managerial ownership, institutional ownership, and block ownership were the independent variables. The study employs descriptive statistics, correlation, and regression analysis in analysis. From the analysis result, the study found that. Government ownership has no significant impact on agency costs of firms listed on the Nigerian Exchange Group. Managerial ownership has a significant impact on agency costs of firms listed on the Nigerian Exchange Group. Institutional ownership has a significant impact on agency costs of firms listed on the Nigerian exchange group. Foreign ownership has a negative and insignificant effect on agency costs of firms listed on the Nigerian exchange group. The researcher recommends that. Government ownership of sensitive firms should be minimized, as such ownership is usually inefficient and characterized by bureaucratic bottlenecks, which do not have clear incentives to improve assets. The study recommends that financial regulatory bodies in Nigeria such as the Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), and Securities and Exchange Commission (SEC) should ensure that a reasonable degree of managerial ownership is maintained by all banks due to its potential benefit in improving financial performance in Nigerian banks. The study's findings on foreign ownership lack a clear explanation of how this variable interacts with agency costs in the Nigerian context. The sole reliance on asset utilization as a performance proxy is overly simplistic.

Irom et al. (2023) studied the effect of managerial ownership and audit committee financial expertise on earnings management is rarely conducted in developing countries like Nigeria. Therefore, this study examines how managerial ownership and audit committee financial expertise on earnings management of listed manufacturing companies in Nigeria. This study used the Roychowdhury approach to measure real earnings management. Thirty-four (34) manufacturing companies out of seventy-three (73) population that were listed on the Nigerian Exchange (NGX) from 2007 to 2021 were selected as the sample size. Data was gleaned from the annual financial reports of the sampled companies for this study. Descriptive statistics, Pearson correlation, and quantile regression analysis are the econometric techniques used to test the analysed data and for hypothesis testing. Results from the study showed that managerial ownership significantly affects real-earnings management. When the effect was moderated by the financial expertise of the audit committee, the effect of ownership structure on real earnings management disappears. The study recommends that managers of manufacturing firms in Nigeria should be encouraged to own more shares in the companies they manage to minimize real earnings management. This present study employed the use of managerial ownership percentage and concentrated ownership percentage with the use of price to book value as against the use of earnings management.

Jameel (2022) investigated the influence of ownership concentration on the market value indicators of the financial institutions listed on the Palestine Stock Exchange, over the period 2010-2019. The research was applied to a sample of 13 Palestinian financial institutions, listed on the Palestinian Security Exchange during the research period. Market value indicators are measured through the market value of the share. The market value of net profit, Tobin's Q ratio, and market value added. Also, the research tests the impact of ownership concentration on agency costs. Ownership Concentration is measured through four subvariables, including family ownership, administrative ownership, institutional ownership, and foreign ownership. By employing multivariate regression models for panel data, balanced, with fixed effects, the results show a positive influence of concentrated ownership through family ownership, administrative ownership, institutional ownership, and foreign ownership on the market value of the share, Tobin's Q ratio, and market value added. And there is a statistically significant effect of concentrated ownership on agency costs of financial institutions listed on the Palestine Stock Exchange. The study recommends continued use of ownership concentration as a result of significant impacts on firm value. Based on geographical and institutional gaps, the findings and recommendations of Palestinian financial institutions might not apply to listed consumer goods firms in Nigeria.

Moudud and Proshad (2020) investigated the effect of managerial ownership on bank value concerning conventional and Islamic banks. The analysis uses a balanced panel data set based on a sample consisting of 480 bank-year observations between 2003 and 2017. Ordinary least squares, fixed effect, and random effect have been used primarily to examine the relationship between managerial ownership and banks' value. Later, the authors validate the core results by using the generalized linear model. This study provides general support for the claim of interest alignment that encourages bank standards with a high level of managerial ownership and partly opposes the view of the entrenchment effects. In addition, the study finds a U-shaped and insignificant relation between managerial ownership and bank value. This indicates that initially, managerial ownership is a blessing, and later, it becomes a curse in considering bank value. Moreover, bank value affects managerial ownership positively, both for conventional and Islamic banks. The study recommends

that Islamic banks should manage their managerial ownership and introduce compensation plans for executives to enhance performance. Based on geographical and institutional gaps, the findings and recommendations of Islamic banks might not apply to listed consumer goods firms in Nigeria. Dian et al. (2018) examined Managerial Ownership, Corporate Social Responsibility Disclosure, and Corporate Performance. companies listed on the Indonesia Stock Exchange (ISX) from 2013-2015. A descriptive research design was adopted. The sample chosen used purposive sampling method, and 56 companies were obtained. The path analysis method was used as the analysis technique which was solved by gradual regression analysis, with a significance value of 5%. The results of this study show that managerial ownership affects corporate social responsibility disclosure. Corporate social responsibility disclosure affects corporate performance. And Managerial ownership does not affect corporate performance, the study therefore concludes that managerial ownership has no significant impact on corporate performance. The study recommends that shareholders should give management enough room to acquire the company's shares or give bonus shares to the management team so that it will motivate them to perform maximally. The findings and recommendations of companies listed on the Indonesia Stock Exchange (ISX) as of 2013-2015 might not apply to the study of 2025 due to different economic changes and geographical locations.

Mehdi and Mohamed (2017) examined the relationship between managerial ownership, the board of directors, equity-based compensation, and corporate performance. The study adopts a survey research design. The population comprises all management staff and the top CEO in American firms. The questionnaire was used to collect data from a sample of 56 management team. Regardless of the selected sample, we found a non-linear relationship between managerial ownership and firm performance, and on the other hand, in the case of managerial entrenchment board of directors is a substitute for managerial ownership to solve the agency problem. In addition, stock-based compensation is a non-linear function with managerial ownership, contrary to previous studies that assume a monotonous or non-significant relationship. The hypothesis of endogeneity is valid only in the American case. This result leads us to believe that the U.S. CEO has a preference to hold a large percentage of shares of firms that generate good performance to neutralize capital market monitoring. The study therefore recommends that in terms of comparison between two markets, characterized by a difference in ownership structure management should improve the impact of equity compensation on the one hand, the managerial ownership or neutral relationship between of board in the alignment of managerial entrenchment cases. Based on timing and geographical gap the findings and recommendation of 2017 studies might not be applicable to Nigeria of 2025.

2.3 Theoretical Framework

2.3.1 Agency Theory

Agency theory, initially developed by Michael Jensen and William Meckling (1976), explores the relationship between principals (owners or shareholders) and agents (managers or executives) within a corporate framework. According to the theory, a conflict of interest exists between these two groups, as principals aim to maximize their wealth, while agents, who are entrusted with the management of the firm, may prioritize personal interests over the principals' objectives (Jensen & Meckling, 1976). This divergence in goals arises due to the separation of ownership and control in modern corporations, which leads to what is known as the agency problem. A central concept

in agency theory is that of agency costs, which are incurred when the interests of principals and agents do not align (Jensen & Meckling, 1976). These costs can manifest in various forms, such as managerial inefficiency, shirking of duties, or risk-taking behavior that benefits executives but may harm the firm and its shareholders in the long run (Eisenhardt, 1989). To mitigate these agency costs, principals must design mechanisms that align the incentives of agents with their objectives. One such mechanism is executive compensation, which is often structured to motivate managers to act in ways that benefit shareholders, ultimately reducing agency costs (Fama & Jensen, 1983).

Jensen and Meckling (1976) suggested that well-designed executive compensation packages, especially those linked to firm performance, could help align the interests of agents with those of the principals. These compensation structures, including stock options, performance bonuses, and other equity-based incentives, create a direct link between executive compensation and shareholder wealth (Murphy, 1999). As a result, executives are incentivized to increase the market value of the firm, as their wealth becomes tied to the firm's performance (Core, Guay, & Larcker, 2003). This alignment helps to ensure that executives pursue strategies that maximize shareholder wealth. Ownership structure also plays a crucial role in agency theory, particularly in terms of how the concentration or dispersion of ownership influences managerial behavior. When ownership is concentrated, as in firms with dominant shareholders, the agency problem is often less pronounced because the owners can more directly monitor and influence management (Shleifer & Vishny, 1986). However, in firms with dispersed ownership, where shareholders have less control over management, agency costs tend to be higher, and executive compensation mechanisms become more vital in ensuring alignment between managers and owners (La Porta, et al., 2000).

2.3.2 Stewardship Theory

The stewardship theory was propounded by Donaldson and Davis (1989). The theory is based on the assumption that the interest of shareholders and the interest of management are aligned; therefore, management is motivated to take decisions that would maximize performance and the total value of the organization. The theory believes that there is greater utility in cooperative than individualistic behaviour and hence whilst the actions of management would be maximizing shareholders' wealth, it would at the same time be meeting their personal needs. The managers protect and maximize shareholders wealth through organization performance, because by so doing, their utility functions are maximized. To achieve this goal congruent, the shareholders must put in place appropriate empowering governance structures and mechanisms, information and authority to facilitate the autonomy of management to take decisions that would maximize their utility as they achieve organizational rather than self-serving objectives. For Chief Executive Officers (CEOs) who are stewards, their pro-organizational actions are best facilitated when the corporate governance structures give them high authority and discretion (Donaldson and Davis, 1989).

Stewardship theory is also about the employment relationship between two parties, the principal (owner) and the steward. It examines the relationship from a behavioural and structural perspective. Theory suggests that stewards will behave in a pro-social manner, with behaviour aimed at the interests of the principal and thus the organization. This behaviour is fostered by the quality of the relationship between the principal, steward, environment, and ideals of the organization. The steward is protected, and business performance is maximized to increase firm value, while also broadening the steward's utility cut-off points. Fama, (1983) asserts that

managers, directors, and administrators manage their careers to show themselves as engaged stewards of the business. Stewards are company managers who work, defend, and profit for the company's owners, according to their definition. This theory is an important feature of the organizational structure, in contrast to agency theory. Stewardship views top management as stewards who work together to achieve organizational goals. The heart of stewardship theory is the assumption that the principal-steward relationship is based on a choice. When both parties choose to behave as stewards and place the principal's interest first, theory suggests a positive impact on performance because both parties are working toward the same goal.

This study was anchored on stewardship theory simply because the theory suggested that a well-designed executive compensation package, especially one linked to firm performance, could help align the interests of both the principals and the agents. Managers would be willing to give the same level of vigilance they give when they are running a business owned by them if there is a proper ownership structure. A conflict of interest is, however, not prevalent because of the separation of ownership and control. Stewardship theory is also about the employment relationship between two parties, the principal (owner) and the steward. It examines the relationship from a behavioural and structural perspective. Theory suggests that stewards will behave in a pro-social manner, with behaviour aimed at the interests of the principal and thus the organization.

3. METHODOLOGY

This study adopts the ex-post facto research design with longitudinal panel regression analysis. The population of the study covers all the twenty-one (21) listed consumer goods and 13 listed industrial goods firms on the Nigerian Exchange Group. Fifteen years (2010-2024) was selected for the study to present a clear picture of the problem in a determinable period. A sample size of twenty-six (26) listed consumer and industrial goods firms was selected for this study using a purposive sampling technique. Covering a period of fifteen (15) years (2010-2024). The choice of 2010 is to mark the end of the global economic recession that started in 2007, and the relevance of the study to today's economic reality. The selection was based on the following criteria: i.) Accessibility of data

ii.) Any consumer and industrial goods firms that do not publish their financial statement online are excluded.

iii.) The companies were not delisted throughout the study period

Panel regression technique was used to analyze the data collected with the aid of E-view 13 statistical package. The study adapts the approach of Kantudu and Zik-rullahi, (2020) model with little modification. The model is stated below:

$$TQ_{it} = \beta_0 + \beta_1 CEOP_{it} + \beta_2 CO_{it} + \beta_3 HPDI_{it} + \beta_4 ESOW_{it} + \epsilon_{it} \quad (i)$$

Where:

CEOP = Chief Executive Officer pay

CCOM= Chairman's Compensation

HPDI = Highest Paid Director

ESOW= Executive Share Ownership

ϵ_{it} = Stochastic Error term β_0 = the autonomous parameter

estimates (intercept or constant term) $\beta_0 - \beta_4$ = Parameter coefficient

Model Specification Before moderation

$$PBV = \beta_0 \epsilon_{it} + \beta_1 MO_{it} + \beta_2 CO_{it} + \beta_3 FA_{it} + \epsilon_{it} \dots \dots \dots (ii)$$

After moderation

$$PBV_{it} = \alpha_0 + \beta_1 MO * EC_{it} + \beta_2 CO * EC_{it} + \beta_3 FA * EC_{it} + \epsilon_{it} \dots \dots \dots (ii) \text{ Where:}$$

MO= Managerial Ownership

CO = Concentrated Ownership

FA= Firm Age

MO*EC = Managerial ownership interacting with executive compensation

CO *EC = Concentrated ownership interacting with executive compensation

FA*EC= Firm Age interacting with executive compensation

ϵ_{it} = Stochastic Error term

β_0 = the autonomous parameter estimates (intercept or constant term)

$\beta_0 - \beta_3$ = Parameter coefficient of managerial ownership and concentrated ownership

PBV= Price-to-Book Value.

β_0 = Intercept

β_1 to β_6 = coefficient of slop or regression coefficient

Measurements of Variables

Variables	Measurement	Source
Price-to-Book Value (PBV)	Market Price per Share / Shareholders' Equity	Abdulfatah <i>et al.</i> , (2022)
Managerial Ownership (MO)	(Shares held by Executives and Directors/ Total Outstanding Shares) $\times$ 100	Bakoji, M., & Ishaku (2023)
Concentrated Ownership (CO)	(Shares held by Largest Shareholders / Total Outstanding Shares) $\times$ 100	Orshi <i>et al.</i> (2024)
Executive Compensation (EC)	Base Salary + Annual Bonus + Stock Options + Other Benefits/shareholders fund $\times$ 100	Nugraheni <i>et al.</i> (2022)
Firm Age	(Current Year - Incorporation Year)	Umobong & Bele-Egberi (2019)

Source: Researcher's Computation (2025)

A priori Expectation

The current study envisages that the coefficient of managerial ownership percentage and concentrated ownership percentage would significantly affect the market value of listed consumer and industrial goods firms in Nigeria. $B1 - \beta_3 > 0$

4. RESULT AND DISCUSSION

4.1 Descriptive Statistics

In order to have glimpse of the data used in the study, a first pass at the data in form of descriptive statistics was carried out. This gives us a good idea of the patterns in the data used for the analysis. The summary statistics is presented in Table 4.1 below.

Table 4.1: Descriptive Analysis Result

	PBV	MOP	COP	FAGE
Mean	0.170873	6.803080	6.397258	20.42308
Median	0.133000	6.237500	6.656000	19.00000
Maximum	0.977000	23.12000	15.78000	39.00000
Minimum	-0.300000	1.041393	1.010000	3.000000
Std. Dev.	0.169466	3.784754	1.555271	8.255432
Skewness	1.619036	1.392153	-1.156511	0.257601
Kurtosis	7.875490	6.272567	8.893542	2.212320
Jarque-Bera	556.6522	300.0083	651.3636	14.39544
Probability	0.000000	0.000000	0.000000	0.000748
Sum	66.64036	2653.201	2494.930	7965.000
Sum Sq. Dev.	11.17160	5572.176	940.9394	26511.19
Observations	390	390	390	390

Source: E-View 13 Output (2025)

Table 4.1 revealed the summary of descriptive statistics of the variables included in the model. It shows the mean values of 0.170873, 6.803080, 6.397258 and 20.42308 for PBV, MOP, COP, and FAGE respectively. The standard deviation from the mean is 0.169466, 3.784754, 1.555271 and 8.255432 for PBV, MOP, COP and FAGE respectively during the 2010 to 2024 study period. Further analysis shows the minimum values of -0.300000, 1.041393, 1.010000 and 3.000000 and maximum values of 0.977000, 23.12000, 15.78000 and 39.00000 respectively. This implies that managerial ownership percentage and concentrated ownership percentage does not witness a substantial increase during the study period, as the standard deviation is so low compared to the mean. Kurtosis value measures the peakness and flatness of the distribution of the series. If Kurtosis value is less than 3, it means the distribution of the variable is normal, but when it is more than 3, the distribution of the variable is said to be abnormal.

4.2 Correlation Analysis

Table 4.2 presents correlation values between dependent and independent variables and the correlation among the independent variables themselves. These values are generated from Pearson Correlation output. The Table contains correlation matrix showing the Pearson correlation 16 coefficients between the dependent and independent variables and among the independent

variables of the study. Generally, a high correlation is expected between dependent and independent variables, while a low correlation is expected among independent variables.

Decision Rule: The correlation between two variables must be between -1 and 1.

Table 4.2: Correlation Analysis Result

Covariance Analysis: Ordinary

Date: 04/30/25 Time: 08:48

Sample: 2010 2024

Included observations: 390

Balanced sample (listwise missing value deletion)

Correlation Probability	PBV	MOP	COP	FAGE
PBV	1.000000 -----			
MOP	0.324385 0.0000	1.000000 -----		
COP	0.460588 0.0000	0.437755 0.0000	1.000000 -----	
FAGE	-0.077851 0.1248	0.297376 0.0000	-0.042853 0.3987	1.000000 -----

Source: E-View 13 Output (2025)

Table 4.2 shows the correlation between the dependent variable, PBV and the independent variables of MOP and COP and also among the independent variables themselves on the other hand. According to Gujarati (2004), a correlation coefficient between two independent variables of 0.80 is considered excessive, and thus, certain measures are required to correct that anomaly in the data. From the table, it can be seen that all the correlation coefficients among the independent variables are below 0.80. This points to the absence of possible multicollinearity among the independent variables, and the correlation between the variables shows that there is a mix of both positive and negative correlation among the dependent and independent variables. There exists a positive and significant 32.4% correlation between PBV and MOP, respectively indicating that the higher the PBV, the higher the MOP. Furthermore, it is notable from the analysis that all the associations between and within the variables of studies are weak, thus signifying the absence of possible multicollinearity.

4.3 Diagnostic Test (Multicollinearity Test (VIF))

To ensure the rigidity of the measurements, multicollinearity tests were performed, using the Variance Inflation Factor (VIF) as the rigidity test. Multicollinearity occurs when one or more independent variables have a stronger influence on others and this condition is a violation of the linear regression model, that so it may affect the validity of the outcome in any analysis. Multicollinearity tests are performed to test whether there is a strong correlation between independent variables that may result in misleading results. However, collinearity diagnostics tests were performed using the variance inflation factor (VIF) to further confirm the absence of

multicollinearity problem between independent mutations. The results of the collinearity 14 diagnostic test are presented in Table 4.3 below:

***Decision rule:** Medium VIF less than 10 indicates the absence of multi-collinearity, while VIF intermediate over 10 is a sign of multi-collinearity.

Table 4.3: Multicollinearity Test (VIF) Table

Variance Inflation Factors

Date: 04/30/25 Time: 08:50

Sample: 2010 2024

Included observations: 390

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.001830	26.02159	NA
MOP	6.954506	5.985637	1.411941
COP	3.762305	23.16173	1.289447
FAGE	1.186206	8.159687	1.143471

Source: E-View 13 Output (2025)

As noted above, the law of multicollinearity test rule uses a variance inflation factor that VIF Medium below indicates a lack of multi-collinearity, while VIF intermediate over 10 indicates the presence of multi-collinearity. Table 4.3 above shows the absence of multicollinearity between independent variables, as all independent variables (MOP and COP) have VIF centres less than 10

4.4 Heteroskedasticity Test

24 A heteroskedasticity test was performed as a diagnostic check to verify the robustness of the estimates. Heterogeneous variance occurs when the standard error of the variable being monitored is not constant over time. Heteroscedasticity violates linear regression modelling assumptions and can affect the validity of analytical results. On the other hand, heteroscedasticity does not cause any bias in the coefficient estimates, but it reduces the precision, and less precise coefficients are more likely to be estimated. The estimates are far from the correct population values that have been removed.

***Decision Rule:** Accept the null hypothesis if the P-value is greater than 5% level of Significance, otherwise do not reject H0

Hypothesis

H0: The Error Variances are all Equal (Homoskedastic) H1: The Error Variances are not Equal (Heteroskedasticity)

Table 4.4 Heteroskedasticity Test

Panel Cross-section Heteroskedasticity LR Test

Null hypothesis: Residuals are homoscedastic

Equation: EQ01

Specification: PBV C MOP COP FAGE

	Value	Df	Probability
Likelihood ratio	15.7361	15	0.7250

Source: E-View 13 Output (2025)

Table 4.4 shows the results of the panel cross-section Heteroskedasticity regression test. The null hypothesis of the test states that there is no Heteroskedasticity, while the alternate hypothesis states that there is Heteroskedasticity. The null hypothesis is not to be rejected if the P value is greater 10 than 5% level of significance. From the result in Table 4.4 above, with a ratio value of 15.7361 and a corresponding probability value of 0.7250, which is greater than 5%, the study therefore fails to reject the null hypothesis, showing that there is no Heteroskedasticity problem. Consequently, based on the diagnostic probability 0.7250, the null hypothesis is not rejected, thus there is no conditional heteroskedasticity, indicating that residuals are homoskedastic and as such the samples give a true reflection of the population.

4.5 Hausman Test

The Hausmann specification test is a model specification test used in panel data analysis to select between fixed and random effects models. Because the datasets utilised in this investigation were panel, both fixed and random effects regressions were performed. A Hausmann specification test was then used to choose between the fixed-effects and random-effects regression models. This test determined if the error term was connected to the regressor. As a result, the decision rule for the Hausmann specification test is presented at a 5% level of significance:

H0: Random effect is more appropriate for the Panel Regression analysis

H1: Fixed effect is more appropriate for the Panel Regression analysis

***Decision Rule:** Reject Ho if the cross-section random probability value is less than 5% level of Significance. Otherwise, do not reject Ho.

Table 4.5: Hausman Specification Test

Correlated Random Effects - Hausman Test

Equation: EQ01

Test cross-section random effects

Test Summary	Chi - Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.091792	3	0.1652

Source: E-View 13 Output (2025)

The Result of the above Hausman test shows that the cross-section chi-square statistics value is 5.091792 while the probability values is 0.1652. This implies that there is enough evidence not to reject the null hypothesis which states that random effect is more appropriate for the Panel Regression analysis. Similarly, based on the Chi-Square (Chi2) results Prob > Chi2 is 0.1652, which 5 is greater than 0.05, thus, there is no reasons to reject the null hypothesis (H0)) the study therefore uphold that Random Effect Model (Estimate) is the more appropriate model.

4.6 Breusch-Pagan Lagranger Multiplier Test (Pooled and Random)

In panel data analysis, the Lagranger multiplier test is used to select between pooled and random

effects models. Because the dataset was a panel, both pooled and random effects regression analyses were done. The optimum model among the pooled-effects and random-effects regression models was then determined using a Breusch-Pagan Lagrangian multiplier test. At a 5% significance level, the decision rule for the Breusch-Pagan Lagrangian multiplier test is provide:

H0: Pooled OLS Model is more appropriate for the Panel Regression analysis

H1: Random effect Model is more appropriate for the Panel Regression analysis

Decision Rule: if the p-value is less than 0.05 the decision rule is to reject Ho. Otherwise do not reject Ho.

Table 4.6: Breusch-Pagan Langranger Multiplier Test

Lagrange Multiplier Tests for Random Effects

Null hypotheses: No effects

Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	31.05033 (0.0000)	0.105488 (0.7453)	31.15582 (0.0000)

Source: E-View 13 Output (2025)

Based on the probability value of the Breusch-Pagan Langranger Multiplier Test at probability value of 0.0000, the null hypothesis is rejected, thus random effect is more appropriate when compared to pooled effect.

4.7 Test of Research Hypotheses

In panel regression analysis, the ultimate goal is estimation of the relationship between dependent and independent variables. This goal can be achieved through the estimation of the coefficients of each independent variable in the model. The sign of coefficients of independent variables indicates their relationship with dependent variable, while the magnitude of the coefficients implies the responses of dependent variables to independent variables.

Decision Rule: The decision rule for accepting or rejecting the null hypothesis for any of these tests will be based on the Probability Value (PV) and the Probability (F-statistic). If the PV is less than 5% or 0.05 (that is, if $PV < 0.05$), it implies that the regressor in question is statistically significant at 5% level; and if the PV is more than 5% or 0.05 (that is, if $PV > 0.05$), it is categorized as not significant at that level.

Test of Research Hypotheses

Ho1 Managerial ownership percentage has no significant effect on price to book value of listed consumer and industrial goods firms in Nigeria when moderated by executive compensation.

H02: Concentrated ownership percentage has no significant effect on price to book value of listed consumer and industrial goods firms in Nigeria when moderated by executive compensation.

Table 4.7a Panel Regression Result (Random Effect) Before moderation:

Dependent Variable: PBV
Method: Panel EGLS (Cross-section random effects)
Date: 04/30/25 Time: 14:04
Sample: 2010 2024
Periods included: 15
Cross-sections included: 26
Total panel (balanced) observations: 390
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25.46251	14.63233	1.740154	0.0251
MOP	1.028664	1.218569	0.844158	0.0303
COP	11.33124	17.19258	0.659078	0.2014
FAGE	1.778267	0.432068	4.115710	0.2641
Effects Specification				
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			65.75820	1.0000
Weighted Statistics				
R-squared	0.755784	Mean dependent var		16.96389
Adjusted R-squared	0.728809	S.D. dependent var		72.65431
S.E. of regression	67.58907	Sum squared resid		671906.0
F-statistic	5.404371	Durbin-Watson stat		1.903509
Prob(F-statistic)	0.001012			

Source: E-View 13 Output (2025)

The table 4.7a above shows the panel regression results before the introduction of the moderating variable. The above table shows that managerial ownership percentage has a positive and significant effect on price to book value of listed consumer and industrial goods firms while concentrated ownership percentage has a positive but insignificant effect on price to book value of listed consumer and industrial goods firms. However, when taken collectively based on f-statistics and the probability of f-statistics the study shows a positive and significant effect on price to book value.

Table 4.7b Panel Regression Result - After moderation:

Dependent Variable: PBV

Method: Panel EGLS (Cross-section random effects)

Date: 04/30/25 Time: 19:06

Sample: 2010 2024

Periods included: 15

Cross-sections included: 26

Total panel (balanced) observations: 390

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	82.11352	90.35410	0.908797	0.3636
MOP_EC	5.102237	433.4404	0.011771	0.0006
COP_EC	10.76243	415.9242	0.122047	0.0029
FAGE_EC	0.006999	0.007042	0.993931	0.3204
Effects Specification				
			S.D.	Rho
Cross-section random			466.0872	0.5220
Idiosyncratic random			446.0462	0.4780
Weighted Statistics				
R-squared	0.650863	Mean dependent var	22.10999	
Adjusted R-squared	0.626001	S.D. dependent var	443.4241	
S.E. of regression	444.7527	Sum squared resid	2.590208	
F-statistic	0.125748	Durbin-Watson stat	1.826879	
Prob(F-statistic)	0.000061			

Source: E-View 13 Output (2025)

The table 4.7b above shows the panel regression results after the introduction of the moderating variable. The panel regression results above shows that managerial ownership percentage when moderated with executive compensation has a positive and significant effect on price to book value of listed consumer and industrial goods firms. Likewise concentrated ownership percentage when moderated with executive compensation has a positive and significant effect on price to book value of listed consumer and industrial goods firms. However, when taken collectively based on fstatistics and the probability of f-statistics the study shows a positive and significant effect on price to book value.

Test of hypotheses

H₀₁ Managerial ownership percentage has no significant effect on price to book value of listed consumer and industrial goods firms in Nigeria when moderated by executive compensation.

The result as shown in table 4.7 above shows that managerial ownership percentage has a coefficient value of 1.028664 and probability value of 0.0303 ($p < 0.05$). This finding shows that managerial ownership percentage has a positive and significant effect on price to book value of listed consumer and industrial goods firms in Nigeria. Likewise, when managerial ownership percentage is moderated with executive compensation, it gives a coefficient value of 5.102237, and probability value of 0.0006 ($p < 0.05$). The coefficient and probability values indicate that the combination of managerial ownership percentage and executive compensation has a significant positive relationship with price to book value of listed consumer and industrial goods firms in Nigeria. This shows that the null hypothesis stated above should be rejected. Thus, executive compensation has a significant moderating effect in influencing the relationship between managerial ownership and price to book value of listed consumer and industrial goods firms in Nigeria.

H₀₂: Concentrated ownership percentage has no significant effect on price to book value of listed consumer and industrial goods firms in Nigeria when moderated by executive compensation.

The second hypothesis shows that concentrated ownership percentage has a coefficient value 11.33124 and probability value of 0.2014 ($p > 0.05$) which reveals a positive but insignificant relationship. However, when concentrated ownership percentage is moderated with executive compensation, it gives a coefficient value of 10.76243 and probability value of 0.0029 ($p < 0.05$). The coefficient and probability values indicate that the combination of concentrated ownership percentage and executive compensation have a significant positive relationship with price to book value of listed consumer and industrial goods firms in Nigeria. This evidence, therefore, leads to the acceptance of the alternate hypothesis and rejection of the null. The finding therefore means that, executive compensation has a significant moderating effect on the relationship between concentrated ownership and price to book value of listed consumer and industrial goods firms in Nigeria.

5. DISCUSSION OF FINDINGS

This study examined the moderating effect of executive compensation on the relationship between managerial ownership and concentrated ownership on market value of listed consumer and industrial goods firms in Nigeria. The study revealed that the managerial ownership percentage has a significant positive relationship with market value, indicating that managerial ownership percentage contributes positively to market value. This aligns with the position of Irom et al. (2023) and Moudud and Proshad (2020) while negating the finding of Yuwansyari et al. (2024). This study suggests that managerial ownership percentage is associated with an increase in market value within the study period, which can lead to financial performance, stability, and cash flow, and can also have positive impact on shareholders' returns. This study did not consider the moderating effect of executive compensation. However, when moderated with executive compensation, it proved a significant relationship, suggesting that executive compensation can be

used to influence managerial ownership without compromising market value.

The second hypothesis also revealed that concentrated ownership has a positive but insignificant relationship with price to book value, indicating that concentrated ownership percentages are not likely to have any effect on price to book value within the study period. This position is consistent with the findings of Okafor et al. (2023), while disagreeing with the findings of Jameel (2022). This study documented an insignificant relationship between concentrated ownership percentage on price-to-book to book value, indicating that firms with a high percentage of ownership concentration are not likely to achieve a good market value within the study period. However, when moderated with executive compensation, the relationship was strengthened, indicating that larger firms with high ownership concentration percentage are more likely to achieve a good market value.

6. CONCLUSION AND RECOMMENDATIONS

This study investigates the moderating effect of executive compensation on the relationship between managerial ownership and concentrated ownership on market value of listed consumer and industrial goods firms in Nigeria. Based on the study findings reached through the study objectives guided by the study hypotheses, the following conclusions were made: the study affirmed that managerial ownership has a positive and significant effect on market value of listed consumer and industrial goods firms. When moderated with executive compensation, it also has a positive and significant relationship with market value of listed consumer and industrial goods firms in Nigeria. On the other hand, the study concluded that concentrated ownership has positive but insignificant effect on the market value of listed consumer and industrial goods firms in Nigeria. But when moderated with executive compensation, it has a positive and significant relationship on market value. The study, therefore, concludes that when managerial ownership and concentrated ownership are moderated by executive compensation, it has a positive and significant effect on market value of listed consumer and industrial goods firms in Nigeria as envisaged in the a priori expectation. Based on the findings of this study, the following recommendations are made for effective management of listed consumer and industrial goods firms on the Nigerian Exchange Group;

- i. Based on this finding, it is recommended that; listed consumer and industrial goods firms in Nigeria should consider managerial ownership impact on market value as well as the moderating effect of executive compensation when making decisions about ownership structure compensation package.
- ii. The study recommended that the management of listed consumer and industrial goods firms in Nigeria should balance concentrated ownership and executive compensation to maximize market value and protects the interest of all shareholders.

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