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**ВЛИЯНИЕ НАЛИЧИЯ ВЛАДЕЛЬЦЕВ БЛОКИРУЮЩЕГО ПАКЕТА
АКЦИЙ В СТРУКТУРЕ ВЛАДЕНИЯ КОМПАНИИ НА ЕЕ
ФИНАНСОВЫЕ ПОКАЗАТЕЛИ**

Аннотация

Предмет/тема. Различные исследования факторов структуры собственности компании показывают смешанные результаты. Вопрос о влиянии институциональных факторов и держателей блокирующих пакетов акций на структуру капитала компании остается открытым для обсуждения. В этой работе рассматривается влияние держателей блокирующих пакетов акций на результаты деятельности компании и вводный обзор держателей блокирующих пакетов акций на стоимость компании. Существует множество различных мер по расчету влияния держателей блокирующих пакетов акций на результат компаний, некоторые двоичные и некоторые градиентные, такие как коэффициент рентабельности активов (ROA). Влияние количества держателей блокирующих пакетов акций, их процентного владения на результаты деятельности фирмы во время финансового кризиса изучены в данной работе.

Цели/задачи. Цель исследования заключается в оценке влияния структуры собственности компании на финансовые показатели публичных компаний США с использованием методов экономико-математического моделирования.

Методология. При написании работы применялись общие и специальные методы исследования, в том числе анализ, синтез, обобщение, экономико-финансовое моделирование с использованием программы SAS. Вводные данные были собраны из систем WRDS и Compustat.

Вывод. Установлено, что между доходностью активов и наличием держателей блокирующих пакетов акций нет существенной взаимосвязи. Корреляция компаний с держателями блокирующих пакетов акций, понесших меньшие убытки во время финансового кризиса, на самом деле обусловлена размером фирмы. Влияние держателей блокирующих пакетов акций на риск фактор компании было изучено; было установлено, что между ними есть существенная и положительная связь. Также, рентабельность активов была измерена как мера привлекательности для держателей блокирующих пакетов акций во время финансового кризиса, и была обнаружена значительная взаимосвязь.

Ключевые слова: *держатели блокирующих пакетов акций, структура собственности компании, эффективность компании, концентрация собственности*

Young scientist tribune

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THE EFFECT OF BLOCKHOLDERS ON COMPANY PERFORMANCE

Abstract

Subject/topic: Different researches on the company's ownership structure factors show mixed results. The question of the influence of institutional factors and blockholders on the capital structure of the company remains open for discussion. This paper examines the effect of blockholders on the company performance and provides an introductory look at the effect of blockholders on company value. There are related several different measures for blockholders, some binary and some gradient, such as ROA. The impact of block-holder dummy variable, share percentage hold by block-holders and the number of block-holders on a firm's performance during a financial crisis were examined empirically.

Goals/objectives: To assess the impact of the ownership structure of the share capital on the financial performance of US public companies using the methods of economic and mathematical modeling.

Methodology: In this work general and special research methods were used, including analysis, synthesis, generalization, economic and mathematical modeling. Data was collected from WRDS and Compustat systems.

Conclusion and Relevance: It is found that there is no significant relationship between return on asset and blockholder presence in the firm. Results indicate that block-holder variables cannot significantly influence firms' performance. The correlation of firms with block-holders suffering a smaller loss during a financial crisis is actually due to firm size. The effect of blockholders on risk was measured and it was found a significant and positive relationship between the two. Finally, return on assets was measured as a measure of attractiveness for blockholders during the financial crisis and a significant relationship was found. Finally, the study indicates that there is a bunch of other measures that can be studied to interpret the effect of blockholder investment on a company.

Key words: *blockholders, structure of company ownership, company performance, ownership concentration*

JEL classification: *G14, G32*

The intention of research is to investigate the relationship between blockholders and company performance. At the onset of the research due to the literature review on this topic it was assumed a thought that blockholders would have a stabilizing effect. Blockholders are more experienced investors. [1] They have more access to financial resources, more access to information and more access to capital. All of these factors lead to a more professional level of investor research. So, the goal was to test what impact blockholders would have on a company performance. With all of these additional tools at their disposal it was expected to see a significant effect on company

performance if there were blockholders. [2] As it will be seen, through literature review and subsequent testing, blockholders do have an impact but one that is not expected. Intuitively it is assumed blockholders adding stability and a safety net to a company. In a financial crisis it would not be expected blockholders to cut and run as you would retail investors. [3] At least this is what is thought prior to beginning the research.

As for methods and applications, used in this research, the data was collected from Wharton Research Data Services (WRDS) using filter “Blockholder” and “number of companies”. Excluding financial companies in the sample there were about 700 for all four years studied (1998-2001). Return on Assets (ROA) in the model is independent variable, which was collected form Compustat and was calculated as EBITDA divided by Net Income. There were used total assets, dividends, leverage, and market to book value as control variables. These control variables are intended to account for size differences, dividend effects, leverage effects and growth opportunities, which other papers in literature reviews indicate would have a significant effect of ROA.

There were two primary hypotheses investigated:

1. do blockholders increase company performance during financial crisis?
2. do blockholders switch their positions to better performing companies during a financial crisis?

As for results, first hypothesis was inspired by the below Table 1.

Table 1 – Presence of blockholders in US firms from 1998 to 2001

	1998	1999	2000	2001
Firms have block-holders	0.10706044	0.10011260	0.10213610	0.0877939
Firms without block-holders	0.10537770	0.09642193	0.09244127	0.0696058
All firms	0.10686314	0.09995140	0.1014301	0.0861007

Source: author`s calculations using SAS

In table 1 it can be seen that blockholders seem to have a significant impact on ROA. Consistently, it is also seen that in the presence of blockholders ROA is increased. It was expected that this relationship would be statistically significant. Also, that having observed the above table, blockholders would play a significant relationship in company performance. The idea was that the expert blockholders would not be so easily swayed by short term performance during a financial crisis and that they would ride out the storm. [4]

Table 2 – Effect of Blockholders on ROA

1998-2000

Variable	Parameter Estimate	Standard Error	t value	p value
Intercept	-0.2555	0.03343	-7.64	<.0001
% owned by blockholders	0.000287782	0.00080684	0.36	0.7214
Number of blockholders	0.00171	0.00939	-0.18	0.8557
Binary Blockholder variable	0.00171	0.03642	0.19	0.8506
Total assets	1.165683E -7	7.318498E -7	0.16	0.8735
Dividends	-0.00001494	0.00003951	-0.38	0.7056
Leverage	0.29813	0.05312	5.61	<.0001
Market value to Book value	0.06206	0.0012	51.86	<.0001

Source: author's calculations using SAS Studio

The results can be seen in Table 2. Unfortunately, and contrary to expectations, there was no significant relationship between blockholders and ROA (or company performance). The dependent variables each measure different levels of involvement and ownership of blockholders and are all not significant at any level. Even when the regression is run on each year between 1998 and 2001 independently it still can be found that the results are insignificant.

Therefore, it can be concluded that blockholders do not have a significant impact on company performance. However, the sample size is small. Only those four years were available in WRDS to run analysis. However, by running the regression independently on all different years it can be concluded with confidence that there is no relationship. It is believed that the reason this is the case is because of measure of company performance. While it is believed that ROA is an adequate measure of company performance, it may not be representative of blockholder intervention. [5] It is not assumed that just because there is no impact of blockholders on company performance, that there is no impact of blockholders on the company at all. That would be a complete contradiction of entire literature review. Even though some papers say there is a positive relationship and some say that there is a negative relationship, there are not many that would dare say that blockholders do not affect a company at all.

Therefore, it was decided that to investigate more. Looking at the literature and falling back on original idea of what a blockholder is, it was decided to measure the effect of blockholders on risk. [6] Measures of risk would be beta and annualized standard deviation, both of which were downloaded from WRDS. Regression now had blockholders as the independent variable and measure of risk as the depended variable. The results came out to be

significant. Table 3 shows blockholders as the independent variable just for the sake of simplicity it can be seen the different risk measure regressed against blockholder ownership.

Table 3 – Results of test on significance of risk measures taken by blockholders

<i>1998</i>				
Variable	Parameter Estimate	Standard Error	t value	p value
Beta	-0.095	0.03185	2.98	0.003
Standard Deviation	5.04547	1.54293	3.27	0.0011
R-Square	0.0673			
Coeff Var	39.04417			
<i>1999</i>				
Variable	Parameter Estimate	Standard Error	t value	p value
Beta	-0.03087	0.02974	-1.04	0.2997
Standard Deviation	4.59527	1.30144	3.27	0.0005
R-Square	0.0239			
Coeff Var	35.98222			
<i>2000</i>				
Variable	Parameter Estimate	Standard Error	t value	p value
Beta	0.06312	0.03015	2.09	0.0368
Standard Deviation	1.86844	1.03999	1.80	0.073
R-Square	0.0225			

Source: author's calculations using SAS Studio

Table 3 shows the significant results regarding the effect of blockholders on a company. It can be seen that for all year's block holders have a significant positive impact on standard deviation. The independent variable was a simple binary of whether or not the company had blockholders. Again, the appropriate regression would be to have the independent variable as the blockholder dummy but for the sake of illustrating the effect of the different measures of risk it can be seen the opposite in Table 3.

The results are the same when they're swapped. In table 3 it can be seen that beta is only significant in tow of the three years and that its coefficient changes. It is believed that this is because the exact relationship between beta and risk is not as clearly defined. [7] Beta represents a company's movement with the market but does that necessarily represent risk? The author believes that no it does not. Betas significance however is a starting point for further research. How blockholders affect a company's movements in relation to the market would be another interesting topic of research. Another area for future research in this topic would

be to use different measure for blockholders. It would be useful and significant to use gradient measures for blockholders rather than the binary dummy variable when assessing the effect on risk.[8]

With a significant positive coefficient, it can be said that the presence of blockholders increases a company's risk. There are many reasons why this could be but the author believes it has to do with a blockholders exit ability as seen in Edmans 2014. [1] Blockholders have the ability to significantly alter a stock price if they sell off their positions. [9] This creates a looming threat that could alter a company's financial standing in an instance. This potential for drastic change is why the author believes that there is a significant and positive relationship between risk and blockholders. [10]

The second hypothesis is that blockholders prefer companies with higher ROA's, or less decrease in ROA, after a financial crisis. In this case it was used a logit regression with a dummy variable for blockholder as the dependent variable and ROA as the independent variable. [11] Again, total assets, leverage, dividends, and market to book growth are used as control variables. In this case it can be seen that ROA is significant. [12]

Table 4 – Results of test on significance of ROA for blockholders

ROA	Total asset	Dividend	Leverage	Q-ratio
3.0753	-0.00003	-0.00139	-0.1328	-0.1486
(0.1133)	(0.0663)	(0.0465)	(0.8988)	(0.2241)
ROA changes	Total asset changes	Dividend changes	Leverage changes	Q-ratio changes
7.1242	0.000013	-0.00242	-0.2959	-0.0976
(0.0017)	(0.7630)	(0.1865)	(0.8349)	(0.5438)

Source: author's calculations using SAS Studio

As it can be seen in Table 4, ROA is a significant predictor of the dummy variable for blockholders. What this means is that during the financial crisis of 2000, blockholders preferred companies with no change in ROA. If a company had a higher ROA, then they were more likely to be invested in by blockholders.

The significance of these results shows that blockholders use ROA as a measure of company performance. [13] Even though we have shown that they do not have a significant impact on ROA themselves, blockholders prefer companies that have a stable ROA and therefore use it as a measure of company performance. [14]

Conclusion

The study provided with a large basis for further study. To sum up the results, blockholders do not affect ROA but prefer companies with stable ROA, and blockholders have a positive relationship with a company's risk not because of their managerial prowess but because of their ability to swiftly and brutally exit a company should they decide that performance is inadequate.

It is worth noting the limitations of the research. It can be concluded that blockholders research is very limited for multiple reasons. The first limitation was the quantity of data available in WRDS. Moreover, there is room for further analysis when comparing outsider and insider blockholders, analyzing blockholders both in quantity and percentage and change in blockholder concentration.

Thus, in conclusion, it can be said that blockholders are not able to significantly influence company's performance but are positively related to risk measures. It was also seen that company's performance change is a dominant variable during financial crisis. Moreover, the blockholder factor does not affect return on assets during crises as blockholders do not buy shares of companies with high return on assets but buy shares from large companies that have high dividends. These companies happen to be companies with high return on assets. [15] The author looks forward to future research in this area as there seems to be much more to be done. The impression from reading the literature in the field is that there are a variety of ways of measuring similar things. Company performance can be measured by stock performance or ROA. Company risk can be measured by beta or standard deviation. There are many ways of trying to measure the same thing and we've only tried several. Further research using many different metrics will provide a myriad of interesting results which we believe can be compounded even more into further research.

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