

Business performance and ownership types: evidence from Croatia

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Abstract:

The main objective of this research paper is to examine whether there is a positive influence of a particular type of ownership on the business performance of a company measured by Tobin's Q depending on the analysed sectors i.e. the activity defined by the National Classification of Activities, 2007 (NKD, 2007) for the observed period from 2012 to 2016. The research was conducted on Croatian companies whose shares are quoted on the Zagreb Stock Exchange continuously from 2012 to 2016, and selected according to the stock liquidity criteria calculated as the average of monthly rankings by trade turnover in the observed period. In this research, types of ownership are primarily divided into 5 categories, according to the shares held by the government, private investors, banks, legal entities i.e. other companies and institutional investor. As a performance indicator, Tobin's Q was used as a modern measure of business performance calculated as an approximation of the origin form, specifically calculated as the natural logarithm of market capitalization divided by the bookkeeping value of the equity capital. Therefore, the aim of this research was to establish simple linear regression models of dependability of the type of ownership and business performance of the analysed companies using the data and information from the official annual financial reports of the analysed companies and official data obtained by the Central Depository & Clearing Company (cro. SKDD). Results obtained in the research indicate that the ownership of institutional investors has positive and significant impact on company's business performance particularly in sector C (Processing industry), while the private ownership has positive and significant impact on company's business performance particularly in sector I (Accommodation and food service activities).

Keywords: business performance, regression model, stock liquidity, Tobin's Q, type of ownership.

JEL code: C20, C25, G12, G32.