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OWNERSHIP STRUCTURE OF FAMILY BUSINESS GROUPS OF PAKISTAN

Abstract:

This study analysis the family business groups ownership structure in the framework of corporate legal system, regulatory institutions and codes of corporate governance of Pakistan. The study uses unique handpicked data comprising a sample of 326 non-financial firms listed on Pakistan Stock Exchange for a period of 2009-13. The results reveal that Pakistani corporations have high degree of concentration of ownership. The controlling shareholders own about 87 % of firms with 10 % or more shareholding and 60 % of firms with 20 % or more shareholding. Most of the businesses are controlled by families. In 63 % of business group firms, families own 20 % or more top shareholdings. The novel contribution of the study is to develop the ownership structure of family businesses and measure the cash flow leverage, cash flow and voting rights of ultimate owners in family business groups. The study finds the considerable difference in voting and cash flow rights in family business group firms. This has strong implications for regulators, minority shareholders and dispersed investors.

Keywords:

ownership structure, business group, corporate governance, cash-flow rights, minority shareholders, voting rights, family business

JEL Classification: G32, G34, G38