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Analysis of the impact of ownership characteristics on the capital structure and business success of companies in the Balkan beverage industry

Анализа утицаја карактеристика власништва на структуру капитала и пословни успех привредних друштава у индустрији пића Балкана

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Abstract: The aim of the research is to present the influence of ownership characteristics on the capital structure and business success of companies theoretically and empirically. The research was conducted on a sample of 96 active companies operating within the beverage industry in the Balkan countries in 2019. Empirical research was carried out by using one-factor analysis of variance (ANOVA). The paper presents two models. One is related to the analysis of the effects of foreign ownership to profitability, liquidity, asset and capital structure, while the other model analyses the impact of ownership concentration on the same variables. The results of the models evaluation confirmed the existence of a statistically significant difference only between foreign ownership and liquidity. In this regard, the ownership characteristics are considered not to affect the business success of the sampled companies, but rather, the performance is affected by other internal and external factors.
Keywords: foreign ownership, ownership concentration, capital structure, business success, beverage industry, Balkan
JEL classification: G32, L66

Сажетак: Циљ истраживања јесте теоријско и емпиријско приказивање утицаја карактеристика власништва на структуру капитала и пословни успех компанија. Истраживање је спроведено на узорку од 96 активних привредних друштава која су пословала у оквиру индустрије производње пића у земљама Балкана у 2019. години. Емпиријско истраживање је спроведено употребом једнофакторске анализе варијансе (АНОВА). У раду су представљена два модела, при чему се један везује за анализу ефеката страног власништва, док је у другом моделу анализиран утицај концентрације власништва на исте варијабле, односно на профитабилност, ликвидност, структуру капитала и структуру средстава. Резултати оцене модела потврдили су постојање статистички значајне разлике једино између страног власништва и ликвидности. У вези са тим, сматра се да карактеристике власништва нису од утицаја на пословни успех компанија из узорка, већ да су перформансе условљене другим интерним и екстерним факторима.
Кључне речи: страно власништво, концентрација власништва, структура капитала, пословни успех, индустрија пића, Балкан
ЈЕЛ класификација: Г32, Л66

Introduction

One of the characteristics of foreign ownership is usual physical distance between the real owner and the management of the company, resulting in an increase in the freedom and flexibility of managers to make decisions according to their interest. This is in contrast to the concentrated ownership structure that was predominantly represented in business life a few decades ago, where there was a patriarchal management structure – often relying on family which maintained control over the company's operations. It is believed that the moment of reversal occurred at a time when the method of production required technologically intensive equipment. Due to lack of funds, there was a need to expand ownership, in the form of recapitalization. Growing business complexity, rapid market requirements, state-of-the-art technological innovations and global coherency require prompt response and flexibility of companies' management structures (Ančić, Ančić & Miletić, 2020, p. 37). Agency theory refers to the creation of agency costs in organizations during the separation of ownership and management functions, and especially when managers make decisions as so-called "agents" of smaller shareholders, which are not in line with the interests of owners.

Such structures have shown over time that the existence of a separation between shareholders and managers affects the creation of agency problems, due to the efforts of managers to increase their benefits, often to the detriment of shareholders or owners. In aforesaid situations, the agency problem arises when management acts on behalf of a group of shareholders, but not on behalf of all. According to Agency theory, as Gillan & Starks (2003, p. 14) believe, ownership concentration leads to reduced agency conflict between owner and management.

The subject of the research conducted in this paper is the assessment of the effects of ownership characteristics on the capital structure, as well as on business success indicators in the form of profitability, liquidity and asset structure.

The aim of the research is to theoretically and empirically present the influence of ownership characteristics factors on the performance of companies operating within the beverage production industry in the Balkan countries in 2019.

The paper is presented in three sections. The first unit of the paper provides an overview of research results and conclusions of other authors in the latest literature on this topic. The second section of the paper explains the composition of the sample, the source of data, an overview of the variables used, as well as applied methodology. The third segment presents the results of the models evaluation, their explanation and conclusions.

1. Theoretical background

One of the characteristics of capital is its ownership. As such, ownership, and its impact on the ratio of own and borrowed resources, as well as on other company performance, is the subject of many studies.

1.1. Foreign ownership

In a global environment, there has been a marked increase in the participation of foreign investors in the ownership structures of companies in the Balkan countries. Bentivogli & Mirenda (2017, p. 16) believe that "this phenomenon has raised concerns about the risk of holding a significant portion of the national production system in foreign hands that may not take into account the company's long-term prospects". Also, at the beginning of the 21st century, foreign investment was considered a safe formula for good company performance, until the beginning of the global economic crisis, when Western foreign companies were the first to feel the economic shock and transfer it directly to domestic markets by participating in domestic capital. When it comes to foreign participants in company ownership, institutional investors are increasingly present in the markets of developing countries. Doğan (2020, p. 59) concluded that there exists a positive relationship between institutional investors and the firm value, adding that institutional investors are more interested in a firm with high performance.

1.2. Ownership concentration

Concentration of ownership could be way to limit the agency problem between managers and shareholders, which would lead to improved business success of companies. According to Hu & Izumida (2008, p. 73), this positive effect of ownership concentration is caused by more efficient monitoring, given that large shareholders have greater power and incentive to oversee the management of the company. However, the problem is in the fact that the shareholders bear the costs caused by the increased monitoring of the management, while on the other hand, the benefits are granted according to equity participation. For this reason, large shareholders will feel the benefits of monitoring, while for smaller shareholders the costs will outweigh the benefits (Ozkan & Ozkan, 2004, p. 2112).

Also, there is a widespread view that forms of effective corporate governance, such as the presence of a small number of owners, are often signals to their potential lenders of quality company management. It is for this reason that concentrated ownership often provides easier access to capital markets and a greater orientation of the capital structure towards borrowed resources.

Ownership concentration as another characteristic of ownership and an independent variable will be presented in this paper as a percentage share of the largest owner in the company's equity.

1.3. Capital structure

Many authors who developed theories on capital structure spoke about various factors that lead to optimization of debt-to-equity ratio. There are views in the literature on the negative impact of foreign ownership on the capital structure. The general observation is the possibility that foreign companies could be financed from several available sources of financing that can replace debts to financial institutions. Also, foreign investors generally have enviable management skills, valuable technology and reputation, which allows low interest rates even when borrowing funds. In this regard, Li, Yue & Zhao (2009, p. 478) analysed the companies from China, with a survey conducted in the period from 2000 to 2004, and found the presence of a negative and statistically significant relationship between foreign ownership and capital structure , including the delineation of debts into long-term and short-term. As the main reason for such an impact, the authors point to (2009, p. 472) lower corporate income tax rates for foreign investors, which further motivates them to use their own sources of financing, considering that they will not achieve large tax savings by additional borrowing, as domestic companies. Also, Grupta et al. (2020, p. 13) found the presence of a negative and statistically significant relationship between foreign ownership and capital structure by analysing 200 companies listed on the leading stock exchange in India in the period from 2007 to 2018. Thai (2017, p. 30), who conducted the research on a sample of 261 companies listed on the Vietnam Stock Exchange in the period from 2007 to 2014, also agreed with such conclusions,

In contrast, Szewc-Rogalska & Wąsacz (2020, p. 50) argue that "foreign companies finance their business with debt, both short-term and long-term, to a greater extent than domestic companies", believing that there is a positive link between foreign participation ownership and capital structures. On the other hand, there is a group of authors like Zou & Xiao (2006, p. 253) and Sivathaasan (2013, p. 40) who believe that foreign ownership is not a significant determinant of capital structure.

Regarding the concentration of ownership, it is considered to be a precondition for stronger supervisory power. Owners with a significant share in the company's capital can take significant management actions. "As such, ownership concentration could be an internal management mechanism that helps reducing the likelihood of managerial opportunism (Lean, Ting & Kweh, 2015, p. 118)."

Lean, Ting & Kweh (2015) conducted a study on a sample of 201 companies from Malaysia that operated for a period of ten years, where the subject of analysis, in addition to the impact of concentration of ownership on capital structure, is the impact of family ownership as a form of concentrated ownership. The authors concluded that the nature of the influence of the mentioned variables is such that the higher the concentration of ownership, the more the capital structure is oriented towards own sources (p. 130). Also, the same research found that the negative effect is smaller in family-owned companies than in other companies (p. 130). Further, Mbanyele (2020) conducted a similar study on a sample of 163 companies operating in Italy between 2002 and 2013. The study showed that there is a non-linear relationship between ownership concentration and the financial mix, i.e. that the company's capital structure is more debt-oriented at low levels of ownership concentration and reduces debt financing as ownership concentration increases. (p. 15).

Santos, Moreira & Vieira (2013) analysed the relationship between ownership concentration and capital structure, using a sample of 694 companies from Western Europe between 2002 and 2006. The authors interpreted such negative relationship as the result of the role of ownership structure as a mechanism of corporate governance, their increased risk aversion resulting from poorly diversified investment portfolio, the fact that debt imposes restrictions on dominant owners and the fact that their presence increases the company's capital potential (p. 1101). In addition, Farooq (2015) presented the same conclusion. An analysis of companies from the Middle East and North Africa that were active in the period from 2005 to 2009, concluded that there is a negative impact of ownership concentration and capital structure (p. 111).

The indicator of the capital structure that will be used in the analysis presented in the paper is the ratio of total debt and total capital, while the total debt will be formed as the sum of long-term and short-term debts.

1.4. Asset structure

As a condition for survival in modern markets, companies regularly invest in the acquisition of new technology and use them to gain yield. Therefore, the impact of company ownership on asset structure has often been analysed in the literature and in practice.

Vishwasrao & Bosshardt (2001, p. 385) concluded that large companies along with foreign companies are investing more in new technology. Also, it is considered that companies with concentrated ownership, invest more in fixed assets. The most common reason is the long-term goal of investors with a large share in the capital. Masset & Weisskopf (2016) agree with aforesaid by researching a sample of American and Western European countries in the period from 2004 to 2013 (p. 21).

Using the 2,000 largest U.S. companies whose shares were publicly traded between 2003 and 2007 Anderson, Duru & Reeb (2012) investigated the impact of family shareholders on corporate investment policy. The analysis showed that family ownership has a strong connection with the policy of increased investments, as well as that companies with family ownership invest less financial resources than non-family companies. In addition, they note that when long-term investments in research, development and capital expenditures are separated, family firms allocate larger financial resources to capital investments than non-family firms (p. 1746).

The indicator of the asset structure variable that has been widely used is in the form of the quotient of the book value of fixed assets and total assets.

1.5. Liquidity

There are known views in the literature regarding the impact of ownership characteristics on the ability of companies to meet their obligations at maturity. Szewc-Rogalska & Wąsacz (2020, p. 50) conclude "that foreign companies apply a more aggressive financial liquidity management strategy than domestic companies". Furthermore, the positive impact of foreign ownership on liquidity was also seen by Mangena and Tauringana (2007, p. 78). Such conclusions were confirmed by Ozkan & Ozkan (2004, p. 2129) in a survey of companies in the UK, stating that the ownership structure significantly affects the amount of cash of companies. On the other hand, the author Al-Harbi (2017, p. 170) concluded on the example of 686 banks from developing countries that foreign ownership negatively affects the liquidity of banks.

In addition, Chalermchatvichien, Jumreornvong, Jiraporn & Singh analysed the impact of bank ownership structure as a governance mechanism on capital adequacy and liquidity in Asian banks. The results showed that with increasing concentration of ownership, banks become better capitalized and more liquid (2013, p. 236). On the other hand, Alelfartas (2019) conducted a study using data collected from the annual reports of 13 Jordanian commercial banks for the period from 2009 to 2016, concluding that the concentration of ownership does not have a statistically significant impact on liquidity risk (p. 31).

In further analysis in the paper, the liquidity variable will be presented by the current ratio, in the form of quotients of short-term assets and short-term liabilities.

1.6. Profitability

According to the research of Pavlović & Čelić (2020, p. 108) on the sample of SMEs from Serbia, in order to succeed in the strategic process of development, it is necessary for every company to include performance evaluation activities in their strategy. When analysing the profitability of corporations, it is extremely important to consider the impact of company ownership characteristics on profitability. Al-Thuneibat (2018, p. 16) believes that there is a statistically significant and negative impact of the foreign capital-oriented ownership structure on profitability, while on the other hand Douma, George & Kabir (2006, p. 652) analysed 1005 companies from India that are listed on the Bombay Stock Exchange from 1999 to 2000, concluding that foreign corporate ownership has a positive and significant effect on the profitability of companies. Also, Nofal (2020) established the existence of a positive and statistically significant impact of foreign corporate ownership on the profitability of domestic companies in a sample of 66 non-financial companies listed in the period from 2014 to 2018 (p. 241).

It is necessary to point out that some authors such as Gurbuz & Aybars (2010, p. 358) believe that, in general, foreign ownership improves the company's performance to a certain level, after which, increasing the share of foreign versus domestic ownership no longer affects profitability. Yavas & Erdogan (2016, p. 369) share a similar view, believing that the participation of foreign ownership brings various benefits and improvements in company performance, while after a certain percentage of foreign investors' participation in total capital, companies suffer some negative effects, confirming the existence of non-linear relationship between foreign ownership and profitability. Barbosa & Louri (2005, p. 2) add that foreign ownership brings financial, marketing, technological and managerial benefits which helps companies to improve their financial performance, however, excessive participation of foreign ownership in capital can worsen financial performance, as the companies will thus alienate from local consumers as well as the local manner of doing business.

Additionally, Bentivogli & Mirenda (2017, p. 16) concluded that foreign acquisitions in one country cannot lead to a deterioration in company performance, but believe that the performance of domestic companies improves after foreign ownership investments, while Hu & Izumida (2008) concluded that it is difficult to establish a link between foreign ownership and company profitability due to a wide range of determinants that are influenced by such political, cultural, environmental and economic factors (p. 75).

The concentration of ownership as another characteristic of ownership presented in the paper proved to be a factor with different impact on the profitability of the company. The research was conducted by Singal & Singal (2011) on a sample of 4,384 companies operating in India in the period from 2001 to 2009. The authors investigated the difference in the impact of concentrated and dispersive ownership on company performance, as well as the difference between the impact of other types of concentrated ownership, such as family ownership, state ownership, and ownership of subsidiaries of foreign multinational companies. The results showed that companies with concentrated ownership are associated with higher company performance. (p. 393). Also, a positive relationship between ownership concentration and performance was noted by Nguyen, Locke & Reddy (2015) on a sample of Asian companies operating in the period from 2008 to 2011. The research investigates the relationship between ownership concentration and financial performance of companies in Singapore and Vietnam, distinguishing two different types of national management systems – well-developed versus underdeveloped – noting that the positive effect of concentrated ownership on the performance of companies operating in an underdeveloped national management system, like Vietnam, tends to be stronger than in a well-established system, such as Singapore, confirming the argument that concentration of ownership is an effective corporate governance mechanism that can replace the poor quality of national governance (p. 148). That concentrated ownership affects company performance positively was also noted by Huang (2020, p. 3), who focused exclusively on banks to avoid industry- and country-specific factors that could lead to different conclusions. The results of the analysis of Abbas, Naqvi & Mirza (2013) show the existence of a significant positive effect of concentrated ownership on the performance of the company, in the case when the owners have at least 10% share in the company's capital. However, the results suggest that a concentration of ownership above the 50% level has a negative impact on firm performance (p. 1150).

On the other hand, Svejnar & Kocenda (2002, p. 30) consider that companies with dispersed ownership have a greater positive effect on profits than companies with more concentrated ownership, while Wahla, Shah & Hussain (2012, p. 12), along with Al-Thuneibat (2018, p. 16) consider that the concentration of ownership does not affect profitability.

Further analysis in the paper will deal with the impact of ownership characteristics on profitability, representing profitability through the ROA indicator.

After defining the problem and aim of the research, as well as reviewing the results of research by other authors in the field of the impact of foreign ownership and ownership concentration on capital structure and business success of companies, the hypotheses to be tested are as follows:

H1: There is a statistically significant difference between foreign ownership and the capital structure of companies within the Balkan beverage industry.

H2: There is a statistically significant difference between foreign ownership and the asset structure of companies within the Balkan beverage industry.

H3: There is a statistically significant difference between foreign ownership and liquidity of companies within the Balkan beverage industry.

H4: There is a statistically significant difference between foreign ownership and the profitability of companies within the Balkan beverage industry.

H5: There is a statistically significant difference between the concentration of ownership and the capital structure of companies within the Balkan beverage industry.

H6: There is a statistically significant difference between the concentration of ownership and the asset structure of companies within the Balkan beverage industry.

H7: There is a statistically significant difference between the concentration of ownership and the liquidity of companies within the Balkan beverage industry.

H8: There is a statistically significant difference between the concentration of ownership and the profitability of companies within the Balkan beverage industry.

2. Data source and methodology

The source of data on the companies used for the purposes of the analysis is the TP Catalyst, Bureau van Dijk database. Companies with activity codes within sector C - Manufacturing, area 11 - Manufacture of beverages, according to the Regulation on the classification of activities (2010), were searched. The sample includes 96 active companies with the highest amount of operating income in 2019 within the Balkan beverage industry. The sampled companies belong to different groups within the beverage industry and have headquarters in different Balkan countries, as shown in the tables below.

Table 1: Overview of number of companies by activity group number

Group number	Group name	Number of companies
11.10	Distilling, rectifying, and blending of spirits	17
11.20	Manufacture of wine from grapes	40
11.50	Manufacture of beer	14
11.60	Manufacture of malt	1
11.70	Manufacture of soft drinks; production of mineral waters and other bottled waters	24
Total		96

Source: the author's research

Table 2: Overview of companies by country of headquarters

Country of companies' headquarters	Number of companies
Albania	0
Bosnia and Herzegovina	3
Bulgaria	28
Montenegro	0
Greece	33
Croatia	3
North Macedonia	0
Romania	24
Slovenia	1
Serbia	4
Total	96

Source: the author's research

The choice of dependent and independent determinants that are the subject of analysis relies on a review of variables used in the previous literature in the field of research subjects. The following table shows the variables used in evaluating the models in this paper, together with the source literature.

Table 3: Overview of variable types, names, formulation and literature source of variables

Variable type	Variable name	Formulation	Literature source
Independent variables	Foreign ownership	Share of foreign ownership in total ownership	Douma, George & Kabir (2006), Zou and Xiao (2006), Mangena & Tauringana (2007), Li, Yue & Zhao (2009), Gurbuz & Aybars (2010), Makoto & Pascal (2013). Sivathaasan (2013), Szewc-Rogalska & Wąsacz (2020), Al-Thuneibat (2018), Alelfartas (2019), Gupta, Yadav & Jain (2020), Nofal (2020)
	Ownership concentration	Percentage share owned by the largest owner	Santos, Moreira & Vieira (2013), Chalermchatvichien, Jumreornvong, Jiraporn & Singh (2013), Al-Thuneibat (2018), Alelfartas (2019), Rao, Khursheed, & Mustafa (2020)
Dependent variables	Capital structure	Total debt / Capital	Farooq (2015), Lean, Ting & Kweh (2015), Gupta, Yadav & Jain (2020), Szewc-Rogalska & Wąsacz (2020)
	Asset Structure	Fixed assets / Total assets	Gurbuz & Aybars (2010), Makoto & Pascal (2013), Masset & Weisskopf (2016), Moradi & Paulet (2018), Gupta, Yadav & Jain (2020)

	Liquidity	Current assets / Current liabilities	Gurbuz & Aybars (2010), Chalermchatvichien, Jumreornvong, Jiraporn & Singh (2013), Alelfartas (2019), Szewc-Rogalska & Wąsacz (2020)
	Profitability	ROA	Gurbuz & Aybars (2010), Singal & Singal (2011), Makoto & Pascal (2013), Lean, Ting & Kweh (2015), Moradi & Paulet (2018), Al-Thuneibat (2018), Masset, Uzelac & Weisskopf (2019), Gupta, Yadav & Jain (2020), Huang (2020), Nofal (2020), Rao, Khursheed, & Mustafa (2020)

Source: the author's research

Final conclusions on the impact of the ownership structure will be made on the basis of one-factor variance analysis, i.e. on the basis of the results of the ANOVA test.

3. Research results with discussion

The research conducted in this paper will be presented through two models, which will primarily differ in the type of independent variable. Model 1 will include testing the impact of foreign ownership on capital structure, profitability, liquidity and asset structure, while Model 2 will cover the effect of ownership concentration on capital structure as well as business success, presented through variables of profitability, liquidity and asset structure. An integral part of the analysis of variance is the identification of descriptive statistics. Following table presents the descriptive statistics of model 1 according to the groups of the percentage share of foreign ownership in capital.

Table 4: Overview of descriptive statistics of model 1and 2

		Foreign ownership					Ownership concentration				
		N	Mean	Std. Dev.	Min	Max	N	Mean	Std. Dev.	Min	Max
Profitability	1	8	0.108	0.088	0.012	0.224	9	0.090	0.078	0.001	0.224
	0,9999-0,7500	11	0.079	0.086	0.001	0.257	27	0.093	0.104	0.002	0.445
	0,7499-0,5000	3	0.044	0.039	0.001	0.076	29	0.055	0.053	0.001	0.167
	0,4999-0	74	0.067	0.074	0.001	0.445	31	0.063	0.061	0.001	0.203
	Total	96	0.071	0.076	0.001	0.445	96	0.071	0.076	0.001	0.445
Liquidity	1	8	1.747	1.259	0.305	3.845	9	2.688	1.130	0.890	4.511
	0,9999-0,7500	11	0.880	0.456	0.310	1.808	27	1.767	1.147	0.310	4.479
	0,7499-0,5000	3	1.842	0.367	1.422	2.102	29	1.796	0.965	0.263	4.297

	0,4999-0	74	2.094	1.233	0.263	7.566	31	1.940	1.438	0.314	7.566
	Total	96	1.918	1.209	0.263	7.566	96	1.918	1.209	0.263	7.566
Asset Structure	1	8	0.540	0.250	0.037	0.835	9	0.441	0.156	0.181	0.657
	0,9999-0,7500	11	0.605	0.220	0.160	0.844	27	0.542	0.207	0.150	0.844
	0,7499-0,5000	3	0.522	0.217	0.385	0.772	29	0.467	0.238	0.037	0.842
	0,4999-0	74	0.481	0.192	0.048	0.842	31	0.515	0.169	0.251	0.834
	Total	96	0.501	0.202	0.037	0.844	96	0.501	0.202	0.037	0.844
Capital structure	1	8	0.623	1.625	0.000	4.635	9	0.668	1.757	0.000	5.338
	0,9999-0,7500	11	1.186	2.417	0.000	7.939	27	0.299	0.540	0.000	2.668
	0,7499-0,5000	3	0.465	0.323	0.230	0.834	29	0.771	1.039	0.000	4.635
	0,4999-0	74	0.552	0.795	0.000	5.338	31	0.768	1.420	0.000	7.939
	Total	96	0.628	1.157	0.000	7.940	96	0.628	1.157	0.000	7.939

Source: the author's research

The results of descriptive statistics of Model 1 show that companies are profitable on average, regardless of the percentage of share of foreign ownership in capital. According to the average values, it is considered that the most profitable companies in the sample are companies with 100% foreign capital. Also, companies in the Balkan beverage industry in 2019 are liquid, except for companies that belong to the range of participation of foreign ownership in capital in the range of 75% to 99.99%. Additionally, a balanced relationship in the structure of assets between fixed and current assets is noticeable, while the capital structure of companies with a high share of foreign investment is turned more towards borrowed sources, unlike with predominantly domestic ownership. Regarding Model 2, which includes the impact of ownership concentration on dependent variables, it can be concluded that the results do not differ much from the results of model 1. It should be noted that on average companies are more profitable with higher concentration ownership. In addition, the companies in the sample are most liquid when the capital is owned by only one owner. Further, the analysis of Model 1 will be further presented with the Levene test of homogeneity of variance, which is shown below.

Table 5: Overview of the model 1 homogeneity test

	Levene statistic	df1	df2	Sig.
Profitability	1.003	3	92	0.395
Liquidity	2.804	3	92	0.044
Asset structure	0.184	3	92	0.907
Capital structure	6.230	3	92	0.001

Source: the author's research

According to the results of the Levene test, the significance value does not exceed 5% in the case of measuring the effect of foreign ownership on liquidity and capital structure. Therefore, the assumption of homogeneity of variance is considered to be violated. Accordingly, for the mentioned variables, conclusions should be made on the basis of the Welch test, which is resistant to the violation of the equality of variance in the results of all groups of foreign ownership. Regarding profitability and asset structure, it is necessary to draw conclusions based on the interpretation of ANOVA results.

Since the estimated value of the significance of the impact of foreign ownership on profitability and asset structure is higher than the significance threshold of 5%, it is considered that the impact is not statistically significant and there are no significant differences. Therefore, hypothesis H2 and H4 are rejected. Although contrary to expectations, foreign ownership does not have a significant impact on the profitability of Balkan companies. However, such a result is in line with Hu and Izumida (2008, p. 75), who concluded that it is difficult to establish a relationship between foreign ownership and profitability of firms due to a wide range of political, cultural, environmental and economic factors. Further, using the results of the Welsh test, liquidity and capital structure indicators will be considered.

Table 6: Overview of model 1 Welch test results

		Statistic[a]	df1	df2	Sig.
Liquidity	Welch	11.794	3	9.723	0.001
Capital structure	Welch	0.284	3	8.879	0.836

Source: the author's research

Following the results of the Welch test of Model 1, the statistically significant impact of foreign ownership on the liquidity of companies in the Balkan beverage industry in 2019 could be confirmed. In this regard, hypothesis H3 is accepted. This result is consistent with the conclusions of Szewc-Rogalska and Wąsacz, Mangenes and Tauringans, as well as with Ozkan and Ozkan, who consider that companies with major foreign ownership tend to apply a more aggressive financial liquidity management strategy than companies with dominant domestic ownership.

Also, it proves necessary to point out the non-existence of a significant impact of foreign investments on the capital structure, which rejects hypothesis H1. Although the participation of foreign entities in capital structure could bring great opportunities such as recapitalization, introduction of modern technology, expansion of new markets and financing opportunities, research results show that such benefits do not affect the company's decision on capital structure. The lack of influence of foreign ownership on the capital structure is in line with the results of authors such as Zou, Xiao and Sivathaasan.

Regarding Model 2, it includes the impact of ownership concentration on dependent variables. In the following table, the Leven test results will be presented.

Table 7: Overview of the model 2 homogeneity test

	Levene statistic	df1	df2	Sig.
Profitability	3.200	3	92	0.027
Liquidity	0.711	3	92	0.548
Asset structure	1.662	3	92	0.181
Capital structure	1.568	3	92	0.202

Source: the author's research

The Leven test results show a significance value of less than 5% only for the Profitability indicator; therefore, the impact of foreign ownership on company performance will be assessed based on a robust Welch test, while models involving liquidity variables, asset structure and capital structure will be evaluated using results ANOVA test.

Since the ANOVA results show that significance value of the impact of ownership concentration on liquidity, asset structure and capital structure exceeds the significance threshold of 5% within the presented results of analysis of variance, it is considered that there is no statistically significant relationship and impact between ownership concentration and liquidity, capital structure and asset structure. Finally, hypotheses H5, H6, and H7 are rejected. Although in theory it is assumed that the ownership concentration allows easier access to borrowed sources of financing in the capital market (Sivathaasan, 2013, p. 35), the results show that the ownership concentration does not affect the capital structure of companies in the Balkan countries. Considering that the Balkan has not reached the level of development of the capital market as a developed western countries, results of the research conducted in this paper has proven that aforementioned rule cannot be applied to developing countries, i.e. transition countries such as most Balkan countries.

The final conclusions about the effects of ownership concentration on the profitability of the sampled companies will be based on the results of the robust Welch test, which is presented in the table below.

Table 8: Overview of model 2 Welch test results

		Statistic[a]	df1	df2	Sig.
Profitability	Welch	1.262	3	30.620	0.305

Source: the author's research

The result of the Welch test shows the absence of a statistically significant effect of the concentration of ownership on the profitability of companies from the Balkan beverage industry in 2019. Finally, Hypothesis H8 is rejected. The result is consistent with the outcome of authors such as Wahla, Shah and Hussain (2012), as well as Al-Thuneibat (2018), which confirms the insignificance of the ownership concentration in solving potential agency problems in companies from the sample.

Conclusion

The results of the research showed that out of all analysed relationships, the only statistically significant influence is the impact of foreign ownership on the liquidity of companies in the Balkan beverage industry in 2019, while the effect of ownership characteristics on other indicators of capital structure and business success did not prove statistically significant. In this regard, hypothesis H3 is accepted, while other hypotheses set out in the paper are rejected. Taking into account the final results of the research, it can be established that the ownership characteristics of companies are not crucial for good company performance, but they are conditioned by other factors, except liquidity, for which dependence on foreign ownership has been established.

One of the reasons for the lack of statistical significance of the impact of foreign ownership lies in the fact that foreign owners often only strive to diversify their investments, so they often focus on short-term efficiency, and therefore the impact of their existence on capital structure and business success is limited. Such phenomena are characteristic of unstable and underdeveloped stock exchanges, when the participation of foreign companies in capital of domestic companies is an extremely small part of their overall investments.

One of the limitations of research on the impact of foreign ownership on capital structure and business success relates to the form of foreign investment. According to Anwar & Sun (2015, p. 2), a foreign investment can be in the form of a loan or in the form of capital, leading to a vaguely defined impact of a non-resident legal entity on the capital structure of a resident company. Also, the results of the research may vary depending on the country of operation of the companies in the Balkans. In this regard, it is possible to draw a general conclusion, and it proves necessary to conduct research for individual countries, after which the results will be interpreted within the circumstances that are specific to a particular country.

In addition, during the next research of the capital structure and business success, it is necessary to find determinants that significantly affect the formation of the financial structure and indicators such as liquidity, profitability and asset structure.

The results of the analysis conducted in this paper are mostly useful for policy makers who are affected by foreign investment in the capital of domestic companies. First of all, the research presents an analytical review of the effect of the ownership structure in terms of foreign capital participation and ownership concentration on the main characteristics of companies in the beverage industry of the Balkan countries. The Balkan countries are an interesting area of research due to the countries that are mostly developing, with a good climate, geopolitical position, infrastructure and source of resources, which favourably influences the attraction of foreign investments. In addition, research findings may suggest to legislators the consequences of foreign investment such as increased liquidity of domestic companies.

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