



The relationship between property ownership and management focus on return on assets of listed companies in Tehran Stock Exchange

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ABSTRACT

One of the objectives of financial reporting is to provide information to investors, creditors and other current and potential users in decision-making related to investment and credit, and other decisions, be of benefit. This study examines the relationship between corporate governance and the return on assets of listed companies in Tehran Stock Exchange. The research methodology was descriptive, correlational survey. The sample consisted of 94 companies listed in the Tehran Stock Exchange company and the sampling of this study was systematic elimination. The data was collected in two ways library and taking notes and tools used Tdbyrpdaz software and a comprehensive database of information for the stock. In order to analyze the data using the software panel approach has been used 8 Eviews. The results showed that the concentration of ownership and management ownership and return on assets of companies listed on Tehran Stock Exchange there is a significant relationship.

Keyword:

Concentration of ownership and property management, return on assets, listed companies

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INTRODUCTION

Many researchers, the bankruptcy of large companies arising from weak corporate governance they know. With the occurrence of these events was being questioned the transparency of financial statements. Benjamin, Ehikoya, (2009) indicated that the scandal led to the crucial role of corporate governance in the Company. Corporate governance involves a set of relationships between shareholders, directors, auditors and other stakeholders to ensure that the rights of minority shareholders in order to establish a system of control and proper implementation of the decisions of the Assembly and prevent potential earnings management is done. Numerous groups have influence in corporate governance at the same time, institutional investors, shares an important role to play. In theory, the institutional ownership in corporate governance is very complex. Institutional ownership represents one of the strong corporate governance mechanisms, and can not supervise the management of the company. Because it can have a significant influence on the company's management and align the interests of shareholders Shin-Ping, Lee and Chuang Tsung-Hsien. (2009).

Most researchers in this field have found that earnings quality is often motivated mislead users of the financial statements or accounting profits, depending on the outcome of the deviation is done. So there is a coherent mechanism to prevent this phenomenon and align the interests of different stakeholders as well as the Wausau whole organization aims by all stakeholders, the issue of "corporate governance" has been proposed, which can be set the rules, processes, cultures and he relations between shareholders, directors and company auditors to ensure compliance should be directed to the full rights of minority shareholders, preventing potential abuses and contributes to achieving the goals of accountability, transparency, fairness, and respect the rights of its stakeholders. In addition, it can be said that companies better corporate governance system are less likely to be faced with problems and consequences of conflicts of interest (Sabur Mollah et al, (2009)).

This would eventually lead to serious economic consequences. will be receiving appropriate. Therefore, corporate governance seeks to promote justice, transparency and accountability in the company. Mechanisms with external as well as internal corporate governance mechanisms within the organization that are more optional, can be good management practices, reducing the problems of information asymmetry, increase shareholder confidence and ultimately cause loss of earnings management. Given this theoretical base, little empirical evidence has been collected in our country about the claim.

In general, corporate governance, including legal arrangements, cultural and institutions that direction of motion and determine the performance of companies. Elements that are present in these scenes, are shareholders and ownership structure, and composition of the Board members, management of the company by the CEO or chief executive Sayrzynf driven move that could affect the company's (prayers Kirmani, 1387).

Corporate governance system as a mechanism of supervision and control of financial and managerial behaviors of the participants and the system is synchronized

with the rights and culture of each company (organization) will be developed And mechanisms will be developed according to these conditions. The most important components of the system are bound and non-executive members of the company's Board of Directors, their independence from the executive, the presence or absence committees including the Audit Committee and is also institutional investors. If these components and mechanisms to be applied properly subject to proper monitoring and control is achieved (Benjamin, 2009).

In this study, the effect of certain components of corporate governance (ownership and property management focus on return on assets evaluated as an indicator of company performance.

History Research

- Jira Yammesiri and Siriyama Kanthi Herath ,(2010) investigate the relationship between some mechanisms of corporate governance and earnings quality of listed companies in Tehran's Stock Exchange. Due to the fact that earnings quality is a relative concept, in this study a set of criteria to evaluate earnings quality, total liabilities were chosen criteria. Using the balance sheet liability method and the total net working capital and net operating assets net-current financial assets is calculated. This is due to the nature of the subject of research, correlation and regression model and correlation between earnings quality and corporate governance variables were investigated. corporate governance) there.

- Hermanson, D. R., Houston R. W., and Rice J. C., (2007) in a study to examine the relationship between corporate governance mechanisms and quality of the listed companies in Tehran Stock Exchange paid dividends. It is expected that the establishment of appropriate corporate governance mechanisms, while monitoring the financial reporting process more than reduce the quality of financial reports passed. The results showed that with increasing number of non-executive directors on its Board of Directors and increased presence, quality (consistency and predictability) is earnings. However, the separation of responsibilities between the CEO and Chairman of the Board of Directors of each other and the quality (consistency and predictability) there is no significant relationship profit. The findings indicate that a significant relationship between accrual quality, earnings quality as one of the measures, the corporate governance mechanisms is investigated.

- Hermanson, D. R., Houston R. W., and Rice J. C., (2007) examined the relationship between corporate governance and liquidity. The results show that good governance, financial transparency of operations, increase the liquidity of the stock market and thus, information asymmetry between domestic and foreign investors reduced. Cheung and Zhang (2009) in their study, the study's corporate governance and institutional ownership. This study shows that the proportion of shares held by institutional investors, will increase the quality of governance structure.

Deloitte LLP. (2010) reviewed the investment policies of the funds listed companies on the New York Stock Exchange, found that there is positive relationship between investment and cash flows. Also, consider an optimal investment model concluded that managers of lack of cash,

investments are lower than actual need. On the contrary, in terms of liquidity surplus funds, investments in excess of firm capacity takes place.

Research methodology

The method of this research is ex post facto factual information in the field of positive research-based accounting and financial statements of companies listed on the Tehran Stock Exchange. Study the method of research is descriptive. From a variety of research descriptive, correlational study of the relationship between the independent and dependent variables examined. Research describing what is described and interpreted without manipulation.

Methods and tools for data collection

Data collection methods have been used library and taking notes.

The method of analyzing information.

Data analysis in this study are the following:

After data collection software is used to manage ATMs. First, data is extracted and imported to Excel software after initial analysis were prepared to enter into statistical software. Eviews statistical software was used to estimate

research model:

Return on Assets = $\alpha + b1X + b2Y + b3S + b4N + b5V + \epsilon0$
 $X = Y =$ concentration of ownership of property management firm size $S =$ Type $N =$ performance $V =$

Hypotheses :

1. the concentration of ownership and return on assets of the company there is a significant relationship.
2. The rate of return on assets is a significant relationship between managerial ownership there

Defining and measuring variables:

Independent variables :

In this study, two types of variables normalized corporate governance are the most important elements as independent variables used in the calculation of each is as follows:

Concentration of ownership: Other independent variables that make up the ownership structure gives another dimension to the concentration of ownership.

Property management: the number of shares in the hands of managers (the property managers in the ownership structure).

Control variables:

Type of company: companies are usually either private or public. Agrs-ham government is 50% state-owned company would otherwise be private. For a number of variables in state-owned companies and private companies in terms of the number zero (God and Tucker, 1391)

In the present study to the logarithm of the size of companies, sales companies in the sample used (Shahiki Tash, Kazemi Amini, 1391)

Performance: To obtain the variable operational benefits and disbenefits index is used for this purpose the figure of profit and loss and eventually the company achieved a positive performance (profit) is the number 1 and to companies that negative performance (lose money) 0 is the number of turns.

The dependent variable:

Return on assets: net profit to total assets ratio is participating (instructor and Abdullah Zadeh, 1378) (prayers, Kermani, 1387).

data analysis

Figure 1 - Descriptive statistics of variables in the company after removing the outliers

maximum	minimum	Standard deviation	Middle	Average	Variable
0/54	-0/2	0/1266	0/0811	0/0872	Return on Assets
11325/45	52/16	2385/5525	2887/37	3161/0873	Concentration of ownership
0/8	0	0/1880	0/40	0/3516	property management

Figure 2 - Descriptive statistics of variables in the companies lose money

maximum	minimum	Standard deviation	Middle	Average	Variable
0/18	-0/25	0/1037	-0/0087	-0/022	Return on Assets
11325/45	149	2427/7129	2316/3917	2913/014	Concentration of ownership
0/67	0	0/1685	0/3333	0/335	property management

Figure 3 - Descriptive statistics of variables in companies that do not lose money

Maximum	minimum	Standard deviation	Middle	Average	Variable
0/78	-0/17	0/1432	0/1062	0/1308	Return on Assets
9787/18	4	2354.1695	3018/9546	3249/2868	Concentration of ownership
0/80	0	0/1851	0/40	0/3579	property management

Inferential statistics

The first hypothesis:

The company is a significant relationship between

ownership concentration and rate of return on assets there.

Fitting the model to data obtained the following results:

Figure 4 - Regression

Durbin Watson	The standard error of estimate	The coefficient of determination	The correlation coefficient	Model
2/053	0/1082	0/261	0/511	1
	0/1056	0/304	0/551	2
	0/1035	0/338	0/582	3
	0/1015	0/369	0/608	4

Figure 5 - Table ANOVA

P-VALUE	F	Standard deviation	Degrees of freedom	sum of squares	
0	34/27	0/401 0/0117	1 97 98	0/401 0/135 1/536	Hypothesis 1 Error Total
0	20/919	0/233 0/0115	2 96 98	0/466 1/07 1/536	Hypothesis 2 Error Total

The second hypothesis:

Between ownership and return on asset management firm there.

Correlation analysis of the first hypothesis: To test the relationship between variables in the first to use Pearson's correlation coefficient wishes. According to the

correlation, the correlation coefficient between the concentration of ownership and return on assets equal to 028/0 is the P value equal to 786/0 managers of larger 05/0. Thus, 95% of the direct link between concentration of ownership and return on assets-is not approved.

Figure 6 - The first hypothesis correlation coefficient table

Return on Assets	Concentration of ownership	
1 0 99	0/028 0/786 99	Concentration of ownership: correlation coefficient The probability Number
0/028 0/786 99	1 0 99	Return on Assets: The correlation coefficient The probability Number

The second hypothesis:

Between ownership and return on asset management firm there.

According to the correlation, the correlation coefficient between managerial ownership and return on assets is equal

to 049/0 and the probability equal to 633/0, which is from 05/0 larger. Thus, 95% of the direct link between managerial ownership and return on assets will not be approved.

Figure 7 - Table II correlation assumptions

Return on Assets	Property management	
1 0 99	0/049 0/633 99	Property management: correlation coefficient The probability Number
0/049 0/633 99	1 0 99	Return on Assets: The correlation coefficient The probability Number

Analysis and interpretation of results

As noted in the present study author examines the impact of corporate governance on the rate of return on assets was discussed the results of which were announced in the previous section.

In this study, the effect of two main components of the author corporate governance, including property ownership and management focus on return on equity ratio the results show:

- 1.Lack of relationship between ownership concentration with rate of return on assets in all companies a direct relationship between The loss between the two companies and the existence of an inverse relationship with the now is profitable.
2. Lack of relationship between ownership concentration and rate of return on assets in all companies there is a direct

relationship between the companies lose money and there Direct relationship between the two companies over the loss of a significant relationship is reversed in profitable companies.

3. It should be noted that the issue of concentration of ownership in the investigation were not considered large, but the results The applicant may be represented at different levels of firms are classified into three different levels Which could adversely affect lose money in companies with a direct impact on profit companies is the lack of respect in all companies.

4. There is a significant relationship between managerial ownership rate of return on assets in all three levels of testing Is that the results are as expected and results in previous research. This indicates that the company's return

on assets reduced by increasing the proportion of managerial ownership.

5. The relationship between the level of property management companies lose money and position the company for significant and reverse But if individual companies profitable and tested this relationship is meaningful and direct. This result indicates that major shareholders by increasing natural or legal Mostly related to financial institutions and companies and state-owned companies are considered high profitability is not usually seek Other objectives include the provision of corporate strategy themselves.

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