The effect of managerial stock ownership on the value of listed companies in Tehran Stock Exchange

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ABSTRACT

The research evidence on the impact of managerial ownership on firm value has been provided. In this study various approaches regarding the property interests of the convergence hypothesis, proactive monitoring and management theory has been tested. To evaluate the level of managerial ownership and managerial ownership concentration envisioned separate hypotheses for each of these hypotheses, a multiple linear regression model of the dependent variable is defined. The study sample consisted of listed companies in Tehran Stock Exchange and the sample included 95 companies during the period 1383 to 1387. To investigate the hypothesis of cross-sectional correlation and multiple regression was used. The overall results indicate the absence of any significant relationship between managerial ownership concentration and firm value and The results of the test showed a significant relationship between the level of managerial ownership, managerial ownership and value of the company.

Key words: property management, ownership concentration, firm value

Introduction

Representation theory is the basis of corporate governance, conflict of interest between the group and how many companies are confronted with these contradictions raised by economists. These are generally entitled to representation theory of the representation theory of maximizing owners' wealth and Thus, in order to achieve the goal of a representative to supervise the work and the performance is evaluated. The ownership structure of the companies is a control tool, crucial aspects such as the distribution of property ownership, ownership concentration, the presence of minority shareholders in the company's ownership, are a critical review. Hence, most thought that the company's ownership structure may lead to behavioral change. This surveillance activities that many investors are doing in this structure comes from [11]. The studies centered upon the type of property, to study the role of different types of ownership such as state ownership, institutional ownership, corporate ownership, individual and family ownership, foreign ownership, property management companies and other types of property on the value of their output has been 's. The main objective of this study was to examine the impact of managerial ownership on the value of listed companies in Tehran Stock Exchange.

2. Literature:

In our study, we examined the structures of the different approaches. One of these approaches is the assumption of active surveillance. When managers control a significant portion of the Company's shares may be inconsistent with the purpose of showing their behavior to maximize the value of the company. Another approach, the convergence of interest hypothesis, the manager, the owner of the shares is low, usually under the influence of market forces and the effective monitoring in order to maximize value to the organization. The combination of these two approaches lead to the creation of a nonlinear relationship between ownership and firm value.

Mklyng Jensen, many studies regarding the distribution of property and its impact on the value of the company have done, In one of these studies, they have predicted that the firm value is a function of how the allocation of shares among persons inside
and outside the company [8]. In another study (1993) argue that most of the shares owned by the company's board of directors is improved [7].

Kumar examine the impact of ownership structure on the country of India, the Company has reviewed and The result is that managers have the greatest impact on company performance, while foreign shareholders on firm performance were not affected [6].

Ariane Chapelle showed that about 3⁄5 companies operating in Belgium stock concentrated ownership structure, ownership concentration because company is one of the ways to control [5].

Shleifer and Vishny in their study concluded that there are institutional investors in corporate ownership structure due to effective supervision, have a positive effect on firm value [10]. Also Mooraki, Shleifer and Vishny find that this result is achieved between the market value of the assets and property management agency relationship exists while there are benefits of the convergence hypothesis [9].

Hassasyegane, in their study of the relationship between institutional investors and companies to consider the value and There is a positive relationship between institutional investors and companies, as well as the lack of a significant relationship between institutional ownership concentration and firm value achieved [2]. Mohammad namazi, study the effect of ownership structure on the performance of the listed companies examined and in a class of structure, ownership management review, and thus, the structure of this class of property significantly and adversely affect the Company's performance [4]. The Mohammad Ali Babaei in their study on the impact of ownership structure and performance of the listed companies examined and He confirms that it is the ultimate combination of public and private ownership in the company has been instrumental in increasing profitability and The performance of the companies most affected by economic conditions and industry types to the managerial decisions and actions are affected [1]. Mohammad and his colleagues investigated the effect of ownership structure on the performance and value of companies listed have been reviewed and To conclude that a significant positive linear relationship between ownership concentration and performance companies operating there. While there is no significant relationship between ownership concentration and firm value of this study is to analyze the effects of ownership types [3].

3. Research objectives and hypotheses:

In this study, the effect of managerial ownership on firm value, as well as the owners of the company's capital structure is examined. Due to the different perspectives in the theory and active control of the property interests of the convergence hypothesis, research hypotheses are formulated as follows:

Hypothesis 1 - There is a significant relationship between firm value and managerial ownership.
Hypothesis 2 - the degree of managerial ownership concentration and firm value, there is a significant relationship.

4. The population and sample:

The study population consisted of listed companies in Tehran Stock Exchange, which have the following conditions:
1. Fiscal year ended March 29, 1387, and from 1383 to enhancing active.
2. Special notes attached to the financial information needed for the financial statements to extract data available.
3. Companies within the scope of the investigation will not change the financial year.

Given the circumstances of the period 1383 to 1387, 95 companies were selected as samples. 95 participated in the survey sample data from sources such as the New Deal, Site Exchange, imprudent application processor, etc were extracted. Then, using Excel software and software Spss statistical tests were required.

5. Research methods and tools:

The focus of this research to study the impact of corporate ownership on the value of the data fusion methods are used. This study, which is descriptive of the purpose, is applied to test the significance of relationships between variables and the dependent variable of the regression model, is employed. For this model, for each of the hypotheses is as follows. Research Model - This model is designed for the research hypotheses.

\[
\text{Val} = \alpha + \beta_{\text{MGROWN}} + \beta_{\text{MGRCONC}} + \beta_{\text{PB}} + \beta_{\text{SIZE}} + \beta_{\text{DEBT}} + \beta_{\text{LOSS}} + \beta_{\text{CROWTH}} + \epsilon
\]

Val = value of the firm
MGROWN = proportion of managerial ownership
MGRCONC = the result of managerial ownership concentration
PB = Growth Index (the Index by market value of equity to its book value is calculated).
SIZE = firm size (natural logarithm of total assets of firm i during the sample period).
DEBT = leverage (the ratio of long-term debt to total assets is calculated).
Loss = dummy variable (if the company has a loss, otherwise a zero)
CROWTH = Percentage change in total assets of firm i in year t relative to year t-1
\(\epsilon_{it} = \text{any unknown}\)
CONC = concentration of ownership that is changing during the period.

\[
\begin{align*}
&\text{CONC} = \text{distribution to shareholders and the number of shares will be less concentrated ownership.}
\end{align*}
\]
present study, the ratio of the concentration of ownership of the Herfindahl index - Hyrshmn used. This index is an economic indicator from the square of the shares of corporate shareholders is obtained for managerial ownership concentration is calculated as follows:

\[ \sum_{i=1}^{n} MGROWN^2 \]

If the index was obtained between 0 and 1, no matter how close one is to represent the focus of whatever is close to zero, indicating a lack of focus will be.

6. Research findings:

In Table 1, descriptive statistics of the variables have been tested. In this table, statistical indicators, the number of observations, mean and standard deviation are shown.

Table 1: Descriptive Statistics survey data.

<table>
<thead>
<tr>
<th>Standard deviation</th>
<th>Average</th>
<th>Number of observations</th>
<th>Statistical Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/95</td>
<td>3/976</td>
<td>475</td>
<td>PB</td>
</tr>
<tr>
<td>0/871</td>
<td>4/506</td>
<td>475</td>
<td>SIZE</td>
</tr>
<tr>
<td>0/177</td>
<td>0/256</td>
<td>475</td>
<td>DEBT</td>
</tr>
<tr>
<td>0/167</td>
<td>0/278</td>
<td>475</td>
<td>CROWTH</td>
</tr>
<tr>
<td>0/282</td>
<td>0/573</td>
<td>475</td>
<td>CONC</td>
</tr>
<tr>
<td>0/212</td>
<td>0/25</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of hypothesis testing research

In Table 2 the results of testing hypotheses 1 and 2 were designed to investigate the model, are presented. According to Table 2, the control variables, variables PB, SIZE, DEBT, CROWTH are significant at the 95% significance level. F-statistics also indicate a significant overall regression model was fitted to the 95% confidence level. Negative result managerial ownership variable coefficients obtained But it is significant at a confidence level of 95%, indicating the first hypothesis is confirmed. According to the results of the variable temperature coefficient of managerial ownership concentration, because the 95% confidence level was not significant, indicating that the second hypothesis is rejected. In other words, there is no significant relationship between firm value and managerial ownership concentration.

Table 2: Table of coefficients, F-statistics and value-p model, research hypotheses.

<table>
<thead>
<tr>
<th>F-statistic</th>
<th>Camera Test - Watson</th>
<th>p-eulav</th>
<th>Coefficient</th>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/877</td>
<td>2/21</td>
<td>0/169</td>
<td>0/187</td>
<td>Constant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0/01</td>
<td>2/02</td>
<td>PB</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0/02</td>
<td>0/17</td>
<td>SIZE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0/025</td>
<td>-2/98</td>
<td>DEBT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0/01</td>
<td>0/355</td>
<td>LOSS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0/0126</td>
<td>2/45</td>
<td>CROWTH</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0/032</td>
<td>-3/89</td>
<td>MGROWN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0/983</td>
<td>-0/107</td>
<td>MGRCONC</td>
</tr>
</tbody>
</table>

7. Discussion and conclusions:

Based on the findings it can be concluded that changes in the ownership structure of the company is to change behavior. In the present study, as a class of property management and property management structure, examines a company's value is inversely related. The purpose of this type of property, so there is less profit and high profit in the company's ownership structure, which makes their performance is weaker. In addition to the above, no significant relationship was found between ownership concentration and firm value is to say that it represents the interests of the convergence hypothesis is rejected.

References


