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The Relationship Between Some Corporate Governance Mechanisms and Investment-Cash Flow Sensitivity

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ABSTRACT

This study examines the relationship between some of corporate governance criterions and investment-cash flow sensitivity. In this study during the period 2006 to 2012, data of 108 companies in the combined method using multiple regression analysis are considered. Investment cash flow sensitivity refers to the proportion of capital expenditure changes to changes in corporate cash flows. The results indicate that ownership structure negatively impact on investment-cash flow sensitivity, Lack of relationship between ownership concentration and investment cash flow sensitivity, Lack of relationship between board independence and the cash flow sensitivity of investment, Direct impact of the board size on investment cash flow sensitivity, Direct impact of the institutional investors on investment cash flow sensitivity and finally Lack of relationship between CEO duality and the cash flow sensitivity of investment. The test results of all hypotheses in comprehensive model, except of fifth hypothesis (institutional investors) result is similar.

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INTRODUCTION

Firms to exploit investment opportunities need to cash. Cash can be provided through both domestic and foreign financial resources. In complete markets, the choice of financing options has no impact on investment decisions and firm value (Modigliani *et al.*, 1958). However, existence of some flaws in the market, such as information asymmetry and agency costs increases the costs of external capital comparing to domestic capital (Myers *et al.*, 1984; C. Jensen *et al.*, 1976). This distinction in cost is created because suppliers of foreign capital (future potential investors) comparing with managers have less knowledge about investment opportunities and also have not enough strength to ensure that managers act in favor of them. Domestic capital, i.e., the capital generated through corporation operations, belongs to the current shareholders. These shareholders can through governance mechanisms such as the board of directors to monitor the management. If this monitoring mechanisms to be effective, then agency costs faced by the foreign suppliers of capital are more considerable than costs faced by domestic suppliers of capital. In cases where there is difference in financing costs, availability of internal resources to follow up and implementation of investment opportunities will increase the firm value. This increase in value can be attributed to two factors. First, replacement of the domestic capital which has low investment cost instead of external capital would have higher capital cost. Second, those investment opportunities that their implementation by external financial resources could lead to a negative present value, with the availability of cheap domestic resources would be justified economically (Babajani *et al.*, 1390).

The main source of financing of the companies is the operating cash flow. Unexpected changes in operating cash flow potentially leading that investors revise in their evaluation of the amount of local financial resources which are available to realize final investment opportunity and in the case of non-forecasted decrease in operating cash flow, replaces the higher cost external capital with the internal resources. Management structure of organizations have important role in maintaining the level of cash and how to use it. It is the management decisions which states how much of the cash the company should maintain to spend for specific opportunities as well as to invest in the probable financing because more investment opportunities lead to further demand for the accumulation of the cash. It is because that lack of cash lead that the company loss its profitable investment opportunities, unless it gain costly external financing. This research aims to find that if there is any relation between governance structure of companies with the way companies manage cash for investment or maintain cash for future uses? Also to find out if structure of corporate governance has any impact on sensitivity of cash

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flow investment, which show the variation percentage of capital expenditures of companies against the variation percentage in cash flows?

In this study, a set of characteristics of corporate governance in terms of accessibility of them through financial statements, reports of the board of directors to annual general meetings and other company's accepted documents from Tehran stock exchange were selected which include: ownership structure, ownership concentration, board independence, duality in the role of the board of directors, percentage of institutional investors and the size of the board of directors. Finally we discuss their relation with investment-cash flow sensitivity which in turn refers to the variation percentage in capital investment comparing to the variations in cash flows.

2 Literature and Theoretical Background Investigations:

2.1 - Corporate Governance:

Terms of corporate governance Greek word *Kaybrmn* "means advice or managing the Latin word, and the form of the Greek word "Gabrnr "old France "governor "has become. But this word the way - different organizations or committees is defined according to its ideological interests) Abvtpanchh, 2009). Corporate governance practices, or measures which are operated by companies through which it is accountable to shareholders, employees and society to be (Ibrahim, 2004). Organization for Economic Cooperation and Development (OECD), governance (Governance) Inc. if it is defined as "a set of relationships between management, board, shareholders and other stakeholders of the company. corporate governance also provides the structure through which the company objectives create, develop and acquire tools these objectives are determined, as well as how to monitor the performance of managers."

2-1 - The effect of cash flow on investment:

Collins *et al* (1989) argued that the current period income higher than normal income potential of the local capital can mint is coming. In other words, investors can investors through the current period abnormal returns, further information about the investment company to acquire. If so, it is expected that increasing investment opportunities, investors revise their expectations in tors in response to unexpected earnings (i.e., earnings response coefficient) is larger. Since the operating cash flow and accruals, earnings components are the same other conditions, operating cash flow and accrual response coefficients with increasing investment opportunities mint will increase. Sloan (1996) suggests that accrual earnings, compared with operating cash flow less awareness about the potential profitability of the company's current operations are. If this was the opportunity to venture capital to expand, then accruals to operating cash flow ratio of less awareness about the potential profit opportunities - investment position.

Firms to exploit investment opportunities that require cash. Cash can also be financial resources, domestic and foreign financial resources as well. In complete markets, the choice of financing options have different effects on investment decisions and firm value (Modigliani *et al*, 1958). However, there are some flaws in the market, such as information asymmetry and agency costs, costs of external capital than domestic capital increases (Myers *et al*, 1984; C. Jensen *et al*, 1976) because of the difference in costs caused that foreign suppliers of capital (future potential investors) than managers with less knowledge about investment opportunities and also to have enough power to ensure that the interests of managers to act not. Domestic capital - capital generated through operations - belongs to the current shareholders. The shareholders can governance mechanisms such as the board of directors to monitor. If this mechanism can be effective in monitoring, then agency costs faced by the foreign suppliers of capital cost much more substantial pre is on domestic suppliers of capital. 's State differences in the cost of financing the availability of internal resources to follow up and execution of investment opportunities and firm value will increase. This increase in value can be attributed to two factors. Second, those investment opportunities that their implementation can lead to a negative NPV of external financing, the availability of domestic resources are cheap and economical (Babajani *et al*, 1390).

The main source of financing of the company's operating cash flow. Operational, replace the higher cost of domestic resources to foreign capital. If so, then revise the prices of stocks follow this review and not directly correlated with operating cash flow forecasting will. Moreover, given the increasing investment opportunities, differences in the cost of internal financing and external financing will increase, assuming constant operating cash flow of - unexpected revision in prices of shares with more investment opportunities, firms with greater investment opportunities will be less. In other words, is forecast to increase investment opportunities - investment, the share price reaction to unexpected operating cash flow (operating cash flow of the reaction rate) increases. Since the interest is included in operating cash flow, earnings response coefficient is predicted to increase with the increase in investment opportunities (Babajani *et al*, 1390).

2-1 - sensitivity of cash flow investment:

Investment cash flow sensitivity refers to the percentage change in capital expenditure against changes in cash flows is (Kashani-Poor and Naqi Nejad, 1388). In many studies, the sensitivity of investment to cash flow

based on cash investment regressions has examined the Tobin Q (Hoakimin, 2010) investment model (1) is defined as follows:

$$INV_{it} = \beta_0 + \beta_1 CF_{it} + \beta_2 Q_{IT} + \varepsilon_{it}$$

In this model, *i* represent the Company (the spatial dimension) and *t* represents the year (next time) is. *INV* is the investment represents. And the ratio of capital expenditure on fixed assets, net fixed assets is measured in the first period. Cash flow represents net cash flow and the cash flow from operating activities in the first period, as measured by net fixed assets. represents growth opportunities (*Q* Tobin) and is equal to the book value of total debt plus market value of equity divided by book value of total assets.

Kadapakam *et al* (1998) model using the net investment in fixed assets in the first period, have led to a state scale. Change in total assets from changes in current assets such as inventories and accounts receivable arises, can be related to macroeconomic conditions, such as economic recession. While the changes in fixed assets can make informed decisions reflect business managers, are considered. As a result of the investment model variables *INV* and *CFLOW* instead of net fixed assets to total assets using the first period, the scales have been. In this study, in order to meet the criteria of criticism *Svdhsabdry* plus depreciation expense in measuring cash flows from operating activities is used.

According to economic theory, in a perfect capital market, Tobin Q factor should be the only variable affecting investment model mentioned above, and the coefficient of *CFLOW* statistically insignificant. Positive and significant coefficient for the variable *CFLOW* are regarded as evidence of the existence of external financing constraints (Kadapakam *et al.*, 1998). H. M. (1384) showed that the size, value and sensitivity towards dividend investment companies - the cash positive relationship exists, but the history of the company and the sensitivity of investment - cash flow, there is a relation.

literature review:

Arsalan *et al.* (2006) "The relationship between cash flow and investment in Turkish companies before and after a period of financial crisis" was investigated. Their findings showed that during the financial crisis, the sensitivity of investment to cash flow is increased considerably. The cash reserves of suitable criteria to determine a company's financial constraints, firms with low cash reserves, investment sensitivity - have higher cash flow. is not significant. Because it results in the motive of holding cash transactions were related. Companies with attractive investment opportunities and enormous investment companies investment opportunities are poor. The results showed that the legal system, accounting standards and ownership structures systematically affect the sensitivity of investment to cash flow. Yang *et al* (2009) stated that the sensitivity of investment to cash flow as a measure of the degree of uncertainty of domestic resources for investment companies. reliance on internal resources and external financing more readily have access to. Huang and colleagues (2010) showed that the average overconfidence of top managers to increase the sensitivity of investment to cash flow. The other companies have. Pindado and colleagues (2011) found that member firms cash flow sensitivity of investment - investment are low. Kim (2011) Susceptibility of cash flow as a percentage change in capital expenditures in response to changes in the company's cash flow is defined. His research shows that companies with a high degree of financial constraints faced by the investment cash flow sensitivity. He also stated that the firm faces financial constraints, the strong relationship between cash reserves and cash flow sensitivity of investment there. Tyi and colleagues (2012) were of the opinion that institutional investors with a longer investment horizon are more likely to encourage effective monitoring. The desire to improve monitoring and thus reduce the information asymmetry problem is represented. The survey results stated that capital expenditure cash flow sensitivity in firms with institutional investors with a long investment horizon decreases. Francis *et al* (2013) in a study entitled "Corporate Governance and the cash flow sensitivity of investment", showed how the corporate states are affected by financing constraints. Using ranking corporate governance - in part - in 14 developing countries found that better corporate governance of the Company's dependence on internal cash flow and thus reduces constraints reduce the financing that other companies According to the company faced will.

Rsayyan and colleagues in 1389 to "investigate the relationship between some aspect of maintaining the level of corporate governance mechanisms *Nqddrshrkt* accepted in Tehran Stock Exchange "began. In line with these aims, 129 companies during the years 1387 to 1378 were reviewed. The multivariate regression to test the hypotheses using data combined used. Observer was that the results expressed as the percentage of non-mandated members of the board of directors and the level of cash holdings in Tehran Stock Exchange, there is a significant negative relationship, but between the percentage of funds, and cash holdings institutional investors there is no significant relationship. Kashani -Poor *et al* (1389) examined the effect of the sensitivity of investment to cash flow sensitivity of investment as well as the effect of changes in corporate capital expenditure in response to changes in the cash flows are dealt with.. Arab Salehi and Minds (1390) by investigating the role of cash reserves in determining the sensitivity of investment - cash flow firms accepted in Tehran Stock Exchange reached the conclusion that the reduced sensitivity of cash reserves Investment - Cash flow positive role companies play will. On the other hand, certain advantages in using the model of optimal cash

reserves compared with traditional measures of financial constraints has not been observed in this study. Babajani and colleagues (1390), "The relationship between investment opportunities and value relevance of operating cash flow and accruals" were examined. In this role, investment opportunities as a factor in determining the relative importance of operating cash flow and accruals for evaluation purposes, the company has been evaluated. The results show with increasing investment opportunities, the value relevance of operating cash flow and accruals profits will be reduced. Decline in the value relevance of operating cash flow and accruals may be impaired existing methods of accounting operations, among others.

Research method:

This correlation study was based on an analysis of panel data. The present method of inductive (moving from the part to the whole), which is of historical data and econometric tests are used. Research to test this hypothesis, multiple regression procedure was used.

The population and sampling:

- 1) shares in the period from 1385 until the end of 1390, with a maximum time interval of 3 months should be traded on exchanges.
- 2) any investment company, services and financial intermediation not.
- 3) The financial year end of March and the end of the Company during the fiscal period does not change.
- 4) the information needed is available.
- 5) during the study period are among the most profitable companies.
- 6) They closed the fiscal year to March each year.
- 7) Report of the independent auditor regarding financial professional year of study is approved or conditionally.
- 8) In the years studied had attempted to hold Annual General Assembly dividend be paid.

In this study, the financial data of 108 companies listed in Tehran Stock Exchange during the period 1385 to 1390 have been reviewed (648 years - now).

Variables:

independent variable:

Finally, independent variable of the study is some of the corporate governance mechanisms. Applied corporate governance standards are as follows: capital Structure=Book Value Capital Equity/Book Value of Long-run Debts, concentration Ownership=Number of Shareholders/Macro-Shareholders, Independent BOD=Total numbers of BOD/Numbers of Non-Functional BOD, Size of BOD=Total Number of BOD, Institutional Shareholders-to-Total Shareholders=Total Number of Shares/Total Shares Belongs to Institutional Investors.

dependent variable:

The dependent variable in this study is cash flow investment sensitivity.

$$Investment = \alpha_0 + \alpha_1 CashFlow$$

On top of the cash flow coefficient represents the sensitivity of investment is cash flow. In other words, this coefficient represents the percentage change in the level of investment is not liable for changes in cash flows. In this model:

Investment: capital expenditures, expenses are to maintain, sustain or increase production capacity of goods and services has led to the company's future profitability (Shakeri, 1382). Capital expenditures primarily to buy, build, rehabilitate and repair of fixed assets are.

Capital expenditures in year t are measured using the following ratio (Priest M. and Ahmadi, 1388).

$$Invest_{i,t} = \frac{\Delta A_{i,t}}{A_{i,t-1}}$$

$Invest_{i,t}$:Capital expenditures of firm i in year t

$\Delta A_{i,t}$:Changes in total (book value) of assets from year t-1 to t

$A_{i,t-1}$:Total (book value) of assets in year t-1

Control variables:

Size (S R of the natural logarithm of total assets (ΣA_{it}) will be used.

Trading volume (VT):

the purpose of trading volume and the number of shares of companies that are traded at the set time.

Equity ratio of stock price to earnings (P/E):

state the ratio of market price to earnings per share, price to earnings, which is the Persian term refers.

Ratio of book value to market value of shares (B/M):

represents the company's stock divided by the book value to market value is.

6- The results of testing hypotheses:

1- The first hypothesis test model:

$$Investment_{it} = \alpha_0 + \alpha_1 CashFlow_{it} + \alpha_2 CashFlow * CS_{it} + \alpha_3 S_{it} + \alpha_4 VT_{it} + \alpha_5 P / E_{it} + \alpha_6 M / B_{6it} + \varepsilon$$

Reviewing pre-conditions of the regression model:

Homogeneity of remaining variance	Bias of variance and tolerance	Dorbin-Watson statistic	Kolmogorov - Smirnov statistic
Observations symmetry around the zero line	less than 10 and greater than 0.1	1.992	0.867

Regression results:

The determination coefficient of model = 0.045/0:

Relationship kind	The amount of independent probability	The coefficient of the variable	Variable
Direct	0.017	0.547	Cash Flow
Reverse	0.025	-0.044	Cash Flow. CS
The likelihood statistic F = 0.000		The determination coefficient of model = 0.045	

The estimated coefficient for the variable ownership structure 0.044/0- obtained. And due to the variable coefficient (Cash Flow) to 0.547/0, which reflects the sensitivity of capital investment cash flow to regardless of ownership structure is changing impact. Assumptions imply endorsement claim and reverse the impact of ownership structure variables on the sensitivity of investment to cash flow.

The second test hypothesis:

$$Investment_{it} = \alpha_0 + \alpha_1 CashFlow_{it} + \alpha_2 CashFlow * OC_{it} + \alpha_3 S_{it} + \alpha_4 VT_{it} + \alpha_5 P / E_{it} + \alpha_6 M / B_{6it} + \varepsilon$$

Checking preconditions of the regression model:

Homogeneity of remaining variance	Bias of variance and tolerance	Dorbin-Watson statistic	Kolmogorov - Smirnov statistic
Observations symmetry around the zero line	less than 10 and greater than 0.1	1.984	0.857

Regression results:

Relationship kind	The amount of independent probability	The coefficient of the variable	Variable
-----	0.109	0.358	Cash Flow
-----	0.950	-0.003	Cash Flow. OC
The likelihood statistic F = 0.000		The determination coefficient of model = 0.045	

3- The third hypothesis:

$$Investment_{it} = \alpha_0 + \alpha_1 CashFlow_{it} + \alpha_2 CashFlow * BI_{it} + \alpha_3 S_{it} + \alpha_4 VT_{it} + \alpha_5 P / E_{it} + \alpha_6 M / B_{6it} + \varepsilon$$

Checking preconditions of the regression model:

Homogeneity of remaining variance	Bias of variance and tolerance	Dorbin-Watson statistic	Kolmogorov - Smirnov statistic
Observations symmetry around the zero line	less than 10 and greater than 0.1	1.985	0.816

Regression results:

Relationship kind	The amount of independent probability	The coefficient of the variable	Variable
-----	0.622	0.211	Cash Flow
-----	0.728	0.282	Cash Flow.BI
The statistic F = 0.000		The determination coefficient of model = 0.038	

The decision to approve or reject a hypothesis based significance of the second variable factor model (CashFlow.BI) is the probability of the variable rate equal to 728/0, which is greater than 5%, thus confirming the statistical null hypothesis of the research I (assuming front) is rejected.

The fourth hypothesis:

$$Investment_{it} = \alpha_0 + \alpha_1 CashFlow_{it} + \alpha_2 CashFlow * BS_{it} + \alpha_3 S_{it} + \alpha_4 VT_{it} + \alpha_5 P / E_{it} + \alpha_6 M / B_{6it} + \varepsilon$$

Checking preconditions of the regression model:

Homogeneity of remaining variance	Bias of variance and tolerance	Dorbin-Watson statistic	Kolmogorov - Smirnov statistic
Observations symmetry around the zero line	less than 10 and greater than 0.1	1.983	0.698

Regression results:

Relationship kind	The amount of independent probability	The coefficient of the variable	Variable
-----	0.800	-0.076	Cash Flow
Direct	0.034	0.075	Cash Flow.BS
The statistic F = 0.000		The determination coefficient of model = 0.045	

The estimated coefficient for the variable board size 075 / 0, respectively, and considering the potential value of the variable (Cash Flow) in older models from 05 / 0, which indicates no mean ing the relationship between cash flow and venture capital expenditure (cash flow sensitivity of investment) is considering changing that the size of the board, the coefficient estimate (CashFlow.BS) versus 075 / 0, respectively, and the value of this variable is likely less than 05 / 0, which indicates the influence board of variable size on the cash flow sensitivity of investment is investments. So suppose the claim that there is a relationship between board size and investment cash flow sensitivity has been verified. The occasion appropriate test model was investigated and verified.

The fifth hypothesis:

$$Investment_{it} = \alpha_0 + \alpha_1 CashFlow_{it} + \alpha_2 CashFlow * I_{it} + \alpha_3 S_{it} + \alpha_4 VT_{it} + \alpha_5 P / E_{it} + \alpha_6 M / B_{6it} + \varepsilon$$

Checking preconditions of the regression model:

Homogeneity of remaining variance	Bias of variance and tolerance	Dorbin-Watson statistic	Kolmogorov - Smirnov statistic
Observations symmetry around the zero line	less than 10 and greater than 0.1	1.973	0.745

Regression results:

Relationship kind	The amount of independent probability	The coefficient of the variable	Variable
-----	0.763	-0.090	Cash Flow
Direct	0.025	1.147	Cash Flow.I
The statistic F = 0.000		The determination coefficient of model = 0.045	

Given the potential value of the variable (Cash Flow) in older models from 05/0 therefore indicates no significant difference between cash flow and capital expenditure investment (investment sensitivity to cash flow) that is. After consideration of variable capital, institutional investors, the coefficient estimate (CashFlow.CFO) vs. 147/1, respectively, and the value of this variable is likely less than 05/0, which shows the effect of varying the sensitivity of capital flows institutional investors invested cash is invested. So suppose the claim that there is a relationship between the percentage of capital investment cash flow sensitivity institutional investors and verified.

The sixth hypothesis:

$$Investment_{it} = \alpha_0 + \alpha_1 CashFlow_{it} + \alpha_2 CashFlow * BS_{it} + \alpha_3 S_{it} + \alpha_4 VT_{it} + \alpha_5 P / E_{it} + \alpha_6 M / B_{6it} + \varepsilon$$

Checking preconditions of the regression model:

Homogeneity of remaining variance	Bias of variance and tolerance	Dorbin-Watson statistic	Kolmogorov - Smirnov statistic
Observations symmetry around the zero line	less than 10 and greater than 0.1	1.985	0.835

Regression results:

Relationship kind	The amount of independent probability	The coefficient of the variable	Variable
-----	0.093	-0.376	Cash Flow
-----	0.621	-0.446	Cash Flow.CEO
The statistic F = 0.000		The determination coefficient of model = 0.045	

The decision to approve or reject a hypothesis based significance of the second variable factor model (CashFlow.CEO), the value of this variable likelihood ratio of 621/0, which is greater than 5%, thus confirming the first hypothesis, the null hypothesis of statistical research (Conversely assume) is rejected.

Analysis of the results of testing hypotheses:

Firms to exploit investment opportunities that require cash. Cash can also be financial resources, domestic and foreign financial resources as well. In complete markets, the choice of financing options have different effects on investment decisions and firm value (Modigliani *et al.*, 1958). However, there are some flaws in the market, such as information asymmetry and agency costs, costs of external capital than domestic capital increases (Myers *et al.*, 1984; C. Jensen *et al.*, 1976) because of the difference in costs caused that foreign suppliers of capital (future potential investors) than managers with less knowledge about investment opportunities and also to have enough power to ensure that the interests of managers to act not. Domestic capital - capital generated through operations - belongs to the current shareholders. The shareholders can governance mechanisms such as the board of directors to monitor. If the mechanism of effective monitoring, then the costs - which represent foreign suppliers of capital are facing significant pre than the cost of capital is on domestic suppliers. Circumstances, the difference in financing costs, availability of internal resources to follow up and implementation of investment opportunities and firm value will increase. This increase in value can be attributed

to two factors. First, the substitution of lower capital cost than domestic capital, foreign capital has a higher cost of capital in projects with positive net present value, net present value of the investment could amount - these increase. Second, those investment opportunities that their implementation can lead to a negative NPV of external financing, the availability of domestic resources are cheap and economical (Babajani *et al.*, 1390). The decision to approve or reject a hypothesis based significance of the second variable factor model (CashFlow.CEO), the value of this variable likelihood ratio of 621 / 0, which is greater than 5%, thus confirming the first hypothesis, the null hypothesis of statistical research (Conversely assume) is rejected.

The main source of financing of the company's operating cash flow. unexpected changes in operating cash flow, potentially leading to the capital that investors to assess the value of local resources available to realize the opportunity to capital investment in the form of decreased final Review forecasted not in operating cash flow, the higher the cost to replace the internal resources to foreign capital. Kashani -Poor *et al.* (1389) show that firms with financial constraints than firms without financial constraints of the sensitivity of capital cash flow higher investment and internal cash flows when deciding to invest in high emphasis said. Salehi Arab research and Minds (1390) showed that the reduced sensitivity of cash reserves Investment funds - cash flow companies can play a positive role. The results of this study suggest the opposite effect of ownership structure on the sensitivity of investment cash flow is variable and can be interpreted such that the creditors share the capital structure of the enterprise is greater than the company's management on external financing expresses the and the amount of mainstay internal financing from internal funds decreases, which indicates unlimited sources of external financing for enterprises. The sixth hypothesis testing as well as the absence of a duality relation between the board and the investment cash flow sensitivity of investment to show to..communicated.input to the activities of investment funds increases the sensitivity of cash flows of capital to be invested. The sixth hypothesis tests indicate the direct influence of variable capital invest institutional investors on investment is sensitive to cash flow. Which indicates that the increase of capital financing institutional investors from internal cash flow increased to.

Suggestions for Future Research:

- 1) Review of research more and such a long period of time in different industries in the Tehran Stock Exchange.
- 2) Using the definitions of other variables and other variables of corporate governance, investment in susceptibility the investment company's cash flow.
- 3) Assess the impact of macroeconomic variables, inflation, oil prices and exchange rates on the relationship between corporate governance and corporate cash flow sensitivity of investment capital,.

Conclusion:

The results achieved in this study indicate: a negative impact of the ownership structure variable on cash flow capital sensitivity, lack of relationship between ownership concentration and cash flow capital sensitivity, lack of relationship between board independence and cash flow capital sensitivity, direct influence of percent variable of institutional investors on cash flow investment sensitivity and finally lack of relationship between duality in the board role and the cash flow investment sensitivity.

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