# Study the role and simultaneous effects of the type of ownership on efficiency and value of the listed companies in Tehran Stock Exchange

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Abstract: In the present study, the role and separate and simultaneous effects of concentration and type of ownership on two factors; efficiency and value of the listed companies in Tehran Sock Exchange have been studied. The statistical sample of the research includes 70 companies during the period of 2003 to 2009. In this research in order to study the effect of each given factor on the efficiency and value of the companies, two methods have been applied; static panel data and dynamic panel data. The research findings indicate a significant linear relationship between the two factors of ownership concentration and the companies' efficiency with lack of significant relationship between concentrated ownership and companies' value. On the other hand the results related to the test of the effects of the ownership type shows that unlike the reverse relation between stock returns and ratio of state ownership, there is a direct and significant relation between ratio of individual, corporate and private ownership with efficiency. However the variable of ownership concentration in all the models had a linear and direct relation with stock returns. The test of the relation between types of ownership with company value also indicated the same results as was expressed for the efficiency. [panahi E, panahi S, Eghbali Amoghin A, Gholami,A. Study the role and simultaneous effects of the type of ownership on efficiency and value of the listed companies in Tehran Stock Exchange. *Life Sci J* 2013; 10(4s): 276-284] (ISSN: 1097-8135). http://www.lifesciencesite.com.41

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## 1. Introduction

The relation between Ownership Structure (including Ownership concentration and mix) and efficiency has always been a considerable topic in the field of financial literature. Following a research conducted in 1932, Berle and Means for the first time realized a reverse relation between shareholder dispersion and institutions function. Although their research results were challenged by Demsetz in 1983, but it was the beginning of many discussions and researches conducted by the researchers later in different countries with different economic foundations and level of development. During these years, the studies in the field of ownership structure were conducted with an emphasis on two main approaches;

- a) The effect and role of type of ownership on efficiency and company value
- b) The effect and role of concentration degree on company efficiency and value In the accomplished surveys, which were centered on the ownership type, the role of different types of ownership such as governmental ownership. institutional ownership, corporate ownership, individual and family ownership, foreign ownership, managerial ownership and other types of ownership on companies' efficiency has been studied. Among the important issues raised in this area, were the relatively low economic returns of the state companies. Along with the issue of the ownership type and its role on the companies'

efficiency, the researchers have carried on extensive studies related to the possible effects of the controlled or concentrated ownership on institutions' performance. The studies in this field have indicated some factors such as the possibility of convergence of interest in the concentrated ownership between the owner and the manager as well as high monitoring ability of concentrated management as some of the reasons which lead to improved performance of institutions.

In this study, the main objective is to discuss the effect of type and concentration level of ownership on the efficiency of the companies listed in Tehran Stock Exchange and it is important because it shows to the managers, investors and other decision makers that the difference in type of ownership and concentration level of ownership should be considered in the investment and financial decisions due to the role they have in controlling and monitoring the management as well as reducing the agency costs.

### 2. The Literature of Subject

Major studies in emerging economics and countries with a less developed stock market shows that firstly there is a positive relationship between ownership concentration and companies' performance and second, the institutional investors (legal entities) are more effective in monitoring institutions' performance than the individual and state shareholders. However the studies in the United States and some other developed countries have mostly lead to the conflicting results. The center of attention regarding these studies is the agency theory which in fact explains the conflict of interests between internal decision makers and external shareholders. The concept of "agency" was used by Jensen and Meckling [3] in order to explain the conflict of interests between owners and shareholders. Fama believes that the separation of ownership and control by creating competition between companies results to a better and more effective monitoring of individual and organizational performance [3]. In this regard Demsetz believes that transfer of the institutions' management from owners, who mainly think of increasing their own wealth, to the managers who realize the overall institutions performance, will lead to an increased efficiency of the institution [6]. Fama and Jensen shifted their attention to the costs that a high proportion of

linear relation

management ownership can create for the company. When a manager owns a low percentage of the company's stock, he will act under the influence of the market forces and effective monitoring in order to maximize the company's value (the convergence of interests' hypothesis). In contrast, when a manager controls a significant portion of the company's stock, his behavior may be completely inconsistent with the objective of maximizing the company's value (Entrenchment hypothesis). Behaviors such as setting up bonuses and high salaries for themselves, employing close relatives with substantial benefits or preparation to provide a luxurious life which can seriously damage the company's objectives [8]. Thus the combination of two hypotheses of convergence of interests and entrenchment hypothesis, results in creation of a non-linear relationship between the ratio of management ownership and company's operation (diagram 1).

nonlinear relation (grade 2)



Diagram1. The effect of entrenchment and convergence of interests in different levels of stock concentration

Morck, Shleifer and Vishny[4] and McConnell and Servaes[13] have tried to explain these two opposing forces. The Morck research team explains it this way; (Topics of the theory alone cannot anticipate the relationship between management ownership and the value of institution's assets clearly. While the convergence of interests hypothesis promises a positive and stable relationship, the entrenchment hypothesis points out that the value of the institution market can reversely be under the effect of management ownership's high proportion)

### 3. Lack of Information Asymmetry

Along with the conflict of interests' problem, another agency problem is the lack of information asymmetry, which means because the shareholder cannot track all the manager's performances, he does not have enough information about all of his proceedings. Thus the manager can have access to the information which the shareholder does not know about.

#### 4. Rules and Regulations

In the countries where the stock concentration is high and the stock market is less developed, one of the major issues that the companies are facing is the conflict of interests between major and minority shareholders [9]. One of the reasons which exacerbate the agency problem in emerging markets could be lack of preventive legal provisions and other controlling mechanisms [3 & 8]. Demster and Lahn believe that defining the companies' performance rules and a transparent regulations in the market can reduce uncertainty which in turn can result in reduction of ownership concentration as well [6].

tration

entrenchment effect

#### 5. Ownership Mix

Some of the studies in the field of type of ownership represent an improvement in the performance of the institutions in which the changes in its type of ownership or privatization operation have been started. Differences in managerial and monitoring motivation, political goals and social obligations in governmental units, mainly causes the expectation that the given units have a lower performance compared to the similar institutions [4]. On the other hand, the institutional and corporate owners may have a better performance because of having stronger incentives to earn profit also having access to more information [7]. Moreover the institutions which are controlled and administered by family foundations should be more efficient than state institutions due to the lower agency costs [1].

### 6. The research hypotheses

Based on theoretical analysis and researches conducted, in this paper four main hypotheses are considered as follows:

*H1:* there is a significant relationship between the degree of ownership concentration and the company's productivity.

*H2:* there is a significant relationship between the degree of ownership concentration and the company value.

*H3:* there is a significant relationship between type of ownership and the company productivity *H4:* there is a significant relationship between type of ownership and companies' value.

It should be noted that in the two latter hypotheses, the effect of each of the types of ownership (state, corporate, individual and private ownership) on efficiency and companies value have been investigated and tested separately in secondary hypotheses.

# 7. The research Method

This research in terms of objective has been applicable and in terms of data collection method has been non-experimental and descriptive and the main objective of the research is to determine the existence, the degree and the type of relation between the variables under examination. The statistical society of the research includes all the non-financial companies listed in Tehran Stock exchange during the time period of 2003 until the end of 2009. The number of samples in this study was 70 companies totally which have been selected using a criteria filtering technique and according to the following criterion:

- 1- Full information is available about each companies studied.
- 2- The companies should not have a change in fiscal year during the research period.
- 3- The type of the company's activity should be production, so financial institutions, investment companies and banks are not included in the sampling.
- 4- Before the beginning of the research period, each of the companies studied should have a history in exchange for five years.

- 5- The company should not have a non-operational period more than 6 months during the research period.
- 6- The equity of shareholders in the sample companies should not be negative during the study period.
- 7- The fiscal year of the companies should be March 20.
  8. Operational definition and calculation

8. Operational definition and calculation method of variables

- A) Independent variables. The independent variables used in this research include the variables related to the ratio of ownership concentration and type of ownership;
- The variable of ownership ratio (*Fra*): the given variable indicates the ownership ratio of different parts which have been conducted for each of the companies used in the research sampling annually and at the end of a 6 years period of the research. The given variable in this research has been divided into four categories including: governmental ownership (Fg), corporate ownership (Fc), individual ownership (Fi), and private ownership (Fi + Fc).
- Company with corporate ownership: it refers to a company which its major owner is a non-governmental legal entity.
- Company with individual ownership: it refers to a company that its major owner is individuals.
- Company with private ownership: refers to a company that its major owner is a non-governmental legal entities or individuals.
- The variable of ownership concentration: the ownership concentration means distribution of shares among different companies' shareholders. The less number of shareholders will lead to a more concentrated ownership. In this research in order to calculate the ratio of ownership concentration, the Herfindahl-Hirschman index has been used (HHI). The given index is obtained from the sum of squared percentage of shares owned by the companies' shareholders. This index increases along with the increase in the degree of ownership concentration and in case the total share belongs to one individual, it assigns the highest value to itself equivalent to 10,000 units. In case the ownership structure is dispersed and all the shareholders own the same ratios, HHI has the lowest value and is equivalent to 10,000.N. The Herfindahl index can be calculated by:

$$HHI = \sum_{i=1}^{n} \left( \frac{P_i}{p} \times 100 \right)^2$$

- The return (A *Rit*): the actual return of each common stock, given the volatility of the stock price, cash profit, cash dividends and capital increase is calculated.
- Q Tobin: this ratio is used mostly as a value criterion. The given ratio is obtained by dividing the market value asset on their replacement cost. Here the simplified model of Q has been used which is calculated as follows [15]:

$$Q = \frac{Mve + Bvd}{Bva}$$

In the above model, Mve indicates the market value equity, Bvd shows the book value debt and Bva indicates the book value assets. The reason for choosing Q Tobin as a value criterion, is the comparability of the research results with similar researches conducted by previous research team (Morck 1988, McConnell and Servaes 1990, Hermalin & Weisbach 1988, Himmelberg 1999, King & Santor 2008)

- B) Controlling variables. In this research the following variables has been defined as the controlling variables;
- The ratio of the market value to book value (MTB): refers to the ratio of stock market value published at the end of the year to the company's book value of equity.
- Size of the company (SIZE): in this research the purpose of size is the natural Logarithm of the stock market value published at the end of fiscal year of the company. Natural logarithm makes the possible coefficients of these variables not being affected by the large scales.
- Sales Growth (Grow): it can be calculated by dividing the difference between current sales and last year's sale by the sales of the last year.
- Financial Leverage: it indicates which parts of the assets have been financed from debts or equity. In this research in order to calculate it, the ratio of debts to assets has been used.
- Systematic Risk (β): beta indicates the sensitivity of stock return fluctuations in return for the market portfolio fluctuations and is obtained through dividing covariance of the stock return (risk assets) with the market portfolio returns on the variance of portfolio returns.
- The changes in total price index and stock cash return (Rmt): in this study the market return is calculated by using the changes in price index and cash return of Tehran Stock Exchange

#### (TEDPIX).

# 9. The methods applied for information analysis

In order to summarize the data, first the expected ratios have been calculated using the collected data for individual companies and for each year being tested. All the activities related to summarizing the data has been conducted using the Excel software and then Eviews software has been applied to test the hypotheses. In this research instead of using methods such as crosssectional data, the panel data has been used. The given method increases not only the statistical power of coefficients, but also leads to reduction in variables linear relation, and because of an increase in the degree of freedom, the estimation will be more efficient. In the present research, in order to study the effect of concentration and type of ownership on and companies' return and value, two methods of static panel data and dynamic panel data have been used. In the static panel data method, after applying the Has man test and selecting the fixed effects method, the model coefficients have been estimated using the estimated generalized least squares (EGLS) method. Moreover in order to increase reliability of the results obtained in the given model, the coefficients of the model have been re-estimated in a dynamic process structure and using the generalized method of moments (GMM). From one hand, because the GMM model does not need an accurate information for distributing the disrupt sentences and it is based on the hypothesis that the disrupt sentences are noncorrelated in the equations with a set of instrumental variables, and on the other hand due to the possibility of disrupt sentence correlation with descriptive variables in the fixed effects model, it is more credible as well [3]. In this research the following models have been used to study the relation between the dependent and independent variables:

1. The models related to ownership concentration: The purpose in these types of models is to test the effect of ownership concentration on two factors of return and value of the companies which have been listed in the stock market and are mentioned as the test sample of the research. In this section two sets of models have been used to study the relationship between variables:

Model (1-1): The model for evaluating the institution return:

 $AR = \beta + \beta Con + \beta Size_{+} + \beta Beta_{+} + \beta Beta_{+} + \beta Grow_{+} + \beta MIB_{+} + \beta Rn + v_{+}$ 

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Model (1-2): The model for evaluating the institution return:

$$Q_{it} = \beta_0 + \beta_1 Con_{it} + \beta_2 Lev_{it} + \beta_3 Beta_{it} + \beta_4 Grow_{it} + \beta_5 Rm_t + v_i$$

2. The models related to ownership mix:

In these sets of models, the attention is paid to the effects of concentrated ownership and also the effects of ownership type on two factors of return and value of the companies have been studied too. In this section as well, two sets of models have been used as following.

Model (1-3): The model for evaluating the institution return;  $AR_{tr} = \beta_{0} + \beta_{t} FRA_{tr} + \beta_{2} Corc_{tr} + \beta_{3} MR_{tr} + \beta_{4} Size_{tr} + \beta_{4} Faa_{tr} + \beta_{4} Corc_{tr} + \beta_{3} MR_{tr} + \gamma_{tr}^{2}$ Model (1-4): The model for evaluating the institution value:  $Q_{it} = \beta_{0} + \beta_{4} Fra_{it} + \beta_{2} Conc_{it} + \beta_{3} Lev_{it} + \beta_{4} Beta_{it} + \beta_{5} Grow_{it} + \beta_{6} Rm_{tr} + v_{it}$ 

Due to the existence of co linearity between the ratio of market value to book value and the size variable of Q-Tobin, the given variables are not included in the model of evaluating the value.

# 1. Model estimation and interpretation of Results

The descriptive study of data. In order to analyze the data, first the descriptive data statistic including central indexes, dispersion indexes and deviation of the symmetry have been calculated and presented in table 1.

The information listed in table 1 indicates the fact that the average ratio of governmental ownership, individual shareholders and finally corporate section during the 6 years of research period and among 70 companies which has been selected as samples, has been respectively 61%, 30% AND 9%. On the other hand studying the results of ownership concentration (diagram 2) shows that ownership concentration in the areas belonging to corporate ownership is more than the two other sections, while the least ratio of ownership concentration (most ownership dispersion) is considered in individual ownership. Studying the process of ownership concentration in the period of 6 years study, showed a gradual decrease of Hirfyndal index in all three sectors of governmental ownership, individual and corporate ownership during years 2003-2009 and again there was an increase in the index in year 1384 and later.

Variables of research	N	Min	Max	Average	Mean	Deviation	Skew	elongation		
						of criterion			statistic	Possibilit y
Stock return	419	-0.58	5.59	0.33	0.12	0.76	2.65	13.41	2385	0.000
Q Tobin	420	0.84	10.4 1	1.94	1.42	1.51	3.10	13.88	2746	0.000
Degree of concentration	420	152	9430	2638	2552	1834	1.23	5	176	0.000
Market return	420	-0.13	1.39	0.37	0.16	0.49	1.26	3.26	112	0.000
Beta	420	-4.62	15.0	0.65	0.34	1.49	3.37	27.46	11270	0.000
Size	420	23.29	30.7	26.59	26.40	1.50	0.47	2.84	16	0.000
Sale growth	420	-0.59	1.96	0.22	0.19	0.28	2.06	12.27	1802	0.000
Financial Lev.	420	0.30	0.95	0.66	0.66	0.13	-0.3	2.71	10	0.007
Market value to book	420	0.34	38.7	4.26	2.38	5.75	3.34	15.21	2392	0.000
Gov. ownership percentage	420	0	0.99 03	0.61	0.74	0.32	-0.7	1.93	55	0.000
Corporate ownership percentage	420	0.009	0.98 3	0.30	0.21	0.28	1.13	2.90	89	0.000
Individual ownership percentage	420	0.009	0.98	0.30	0.21	0.28	1.13	2.90	89	0.000



Table1. Descriptive statistic of research data

Diagram2. The degree of ownership concentration based on Herfindahl index.

A) Statistical analysis and hypotheses test. In order to test the research hypotheses, two methods have been used; Estimated generalized least squares (EGLS) and the generalized method of moments . dynamic panel data (GMM.DPD).

# 10.1. First hypothesis

*There is a significant relationship between the degree of ownership concentration and performance.* The results of the above hypothesis have been presented in table 2.

1 dolo2. The relationship between ownership concentration and stock retain
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Dependent variable: Al	2		EGLS Method		GMM method	
Independent variables	coeffi	cients	Significant relation	coe	fficients	Significant relation
Fixed amount (c)	-6.965	5668	0.0000			
Ownership concentration	0.000	0735	0.0000	0.0	00328	0.0160
(Conc)						
Market return (Rm)	0.224	815	0.0000		09943	0.0000
Beta	0.139	926	0.0000	0.0	98147	0.0002
Size	0.264	051	0.0000	0.52	23137	0.0000
Financial leverage (Lev)	-0.507	7631	0.0082			
Market value to book	0.029	610	0.0000 0		20992	0.0616
(MTB)						
Sales growth	0.426	848	0.0001			
auto-regression phase 1-	-0.236380		0.0000			
(AR)						
Variable return delay – Rt				-0.0	93642	0.0000
(-1)						
Statistic F			7.369711	Statistic L		24.14011
Possibility of statistic F			0.0000	Pos	sibility of	0.01215
				statistic L		
Adjusted coefficient of			0.584957	Instrumental		17
determination				deg	ree	
Watson Durbin Test			2.190852			

As observed in the above table, and considering the obtained p-value, all the correlation coefficients of the model are significantly related and the amount of Watson Durbin being 2.19 shows the non-correlation between the errors. The results also indicate that the variable coefficient of ownership concentration and other independent variables are positive and significant except the financial leverage, in such a

way that these variables explain totally 58% of dependent variable behavior. Thus considering the above results, the first hypothesis of the research, being the existence of significant relationship between the degree of ownership concentration and company performance is approved and verifies the fact that ownership concentration increases the companies' efficiency. However considering the variable coefficient of the ownership concentration (0.00007) it seems that the given relationship is very weak.

### 10.2. Second hypothesis

There is a significant relationship between the degree of ownership concentration and company value. Test results of the above hypothesis (table 3) using the GMM indicates the lack of significant statistic relation between two variables of ownership concentration and company value.

Table1. Descriptive statistic of research data									
Dependent variable: Q	EGL	S Method GN			IM method				
Independent variables	coefficients	Significant		coefficients	Significant relation				
		relation							
Fixed amount (c)	0.745063	0.0000							
Ownership concentration	-0.00002	0.0302							
(Conc)									
Market return (Rm)	0.203028	0.0000	0.555	085	0.0000				
Beta	0.015209	0.0013	-0.098	8274	0.0000				
Financial leverage (Lev)	1.231709	0.0000	1.766	375	0.0116				
Sales growth	0.362453	0.0000							
auto-regression phase1-(AR)	0.453144	0.0000							
Variable delay Q (-1)			0.631	212	0.0000				
Statistic F		287.4465	Statis	tic J	19.51088				
Possibility of statistic F		0.0000	Possil	oility of statistic J	0.03423				
Adjusted coefficient of		0.987631	Instru	mental degree	14				
determination									
Watson Durbin Test		2.191762							

So with an emphasis on the high credit of results obtained from GMM method, it can be concluded that the second hypothesis of the research concerning the existence of significant relationship between the degree of ownership concentration and company value has not been approved.

## 10.3. The third hypothesis

There is a significant relationship between type of ownership and companies' efficiency.

Considering that ownership has been divided into three different categories including governmental ownership, corporate and individual in this research, the last two can be categorized into a more general class; namely private ownership, so the third hypothesis can be divided into 4 secondary hypotheses as follows:

**H3.1:** there is a significant relationship between governmental ownership and company efficiency

*H3.2:* there is a significant relationship between corporate ownership and company efficiency.

*H3.3:* there is a significant relationship between individual ownership and company efficiency

*H3.4:* there is a significant relationship between private ownership and company efficiency.

At this stage, while involving the concentration variable, in order to study the effects of ownership type on companies' efficiency, the variable of ownership type has been considered as an independent variable in the research model. The results of the main hypothesis 3, regarding the effect of ownership type on companies' efficiency, show a significant relation between the two above parameters (table 4).

The given results indicate a reverse and significant relation between the ratio of governmental ownership and stock return. It means that in the studied companies the increase in the ratio of governmental ownership leads to a decrease in company's efficiency. Because of stronger motivation to earn profit and having access to more information, the corporate owners are expected to have a better performance and apply the current information better than the governmental investors in order to anticipate the future performance and profit. On the other hand institutions which are administered and controlled by non-legal entities or family foundations should have a higher efficiency because their agency cost is lower.

Table4. The relationship between ownership and efficiency										
	Independent	GM	M Metho	d	EGLS Method					
	variable									
Dependent	Ownership	coefficients	Р-	Approve	Sign	p-	Reject	The ajdusted	Watson	
variable	type and		value	or reject	coefficient	value	or	coefficient of	Durbin	
	concentration						approve	determination		
Stock	Governmental	-10.073	0.0029	Approve	Negative	0.0003	Approve			

# Table4. The relationship between ownership and efficiency

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return	concentration	0.0002	0.0440	Approve	Positive	0.0000	Approve	0.60	2.19
Stock	Corporative	7.3167	0.0080	Approve	Positive	0.0478	Approve		
Return	concentration	0.0003	0.0402	Approve	Positive	0.0000	Approve	0.59	2.20
Stock	Individual	2.7693	0.0014	Approve	Positive	0.0000	Approve		
Return	Concentration	0.0001	0.0190	Approve	Positive	0.0000	Approve	0.60	2.19
Stock	Private	3.2128	0.0007	Approve	Positive	0.0003	Approve		
Return	concentration	0.0003	0.0275	Approve	Positive	0.0000	Approve	0.60	2.19

In this regard, considering the given coefficients and the results of data processing in GMM model as a base, it can be claimed that the most effectiveness coefficient on company performance belongs to the corporate ownership. On the other hand despite entrance of ownership type variable in the Regression models used, the variable of ownership concentration has always been with the explanatory power and indicative of a direct and significant relation between given factor and stock return.

# 10.4. The four hypotheses

There is a significant relationship between type of Ownership and Company Values

Like previous hypothesis, this hypothesis too can be divided into 4 secondary hypotheses in terms of ownership type. In order to study the effects of ownership type on company value, the regression of Q-Tobin variable (the criterion of evaluating the value) on type of ownership variable has been done. Studying the test results of the hypothesis 4 shows a significant relationship between type of ownership and companies' value. (Table5).

The test results of the relationship between governmental ownership on companies value in both estimating methods shows that the ratio of governmental ownership has a reverse relationship with companies value and the increase in the given ratio leads to reduction of the studied companies value while the corporate, individual and private ownership have a significant and positive relationship with the value of companies listed in stock market. The results also indicate that the ownership concentration variable which before, without considering the effects of ownership type, did not have a significant relationship with the value of studied companies again after entering the type of ownership variable will remain without a significant relationship with company value.

Tables. The	e relationship betv	veen Q-100 in (the criterion of evalu	lating the value) and type of ownership
Table5 The	e relationshin betw	veen O-Tohin (the criterion of evalu	ating the value) and type of ownership

	variable	Givini Metilou								
Dependent	Ownership	coefficients	Р-	Approve	sign	p-	Reject	The adjusted	Watson	
variable	type and		value	or reject	coefficient	value	or	coefficient of	Durbin	
	concentration						approve	determination		
Company	Governmental	-7.0833	0.0109	Approve	Negative	0.0463	Approve	0.80	2.10	
value	concentration			Reject			Reject			
Company	Corporative	4.7425	0.027	Approve			Reject	0.98	2.19	
value	concentration			Reject	Negative	0.0302	Approve			
Company	Individual	6.6230	0.0227	Approve	Positive	0.0011	Approve	0.94	2.2	
value	Concentration			Reject			reject			
Company	Private	6.5392	0.0071	Approve	Positive	0.0130	Approve	0.79	2.09	
value	concentration			reject			Reject			

The test of durability and validity of over-identifying restrictions: In order to ensure the research results and non-fabricated relationship in the regression and the significant relation of variables, the durability test has been conducted as well as calculation of unit root variables of the research in EGLS model. The given test is conducted using Eviews6 software and lehn, Lin and Chu test methods (2002), Im, Pesaran and Shin Test (2003), Fisher-Augmented Dickey Fuller Unit Root Test (Fisher-ADF), Fisher-Philips-Perron (Fisher-PP) 1999 and Chen (2001). The durability test of variables in all four methods show that the research variables are durable so the zero hypotheses concerning the unity of variables root will be rejected. Moreover the test of over- identifying limitations of sargan has been used to test the credit of instrumental variables. The given test based on  $\chi 2$  Distribution with the degree of freedom is equal to the number of over-identifying limitations (P-K).

# 11. Conclusion

In summary from the findings of the present research it can be concluded that considering the degree of transparency in the investment market and existing supportive regulations, the ownership concentration can lead to an increase in the companies' efficiency. These findings are in accordance with the findings of Ragers, Shleifer and Vishny, and Xu Wang and unlike the research results of Demsetz and Lahn, Zeitoon and Tian and Demsetz and Tian, Yeganeh and Moradi, there was no significant relationship between the given factor with the companies value. On the other hand the research findings indicate that the increase in the governmental ownership leads to decrease in the performance and companies' value. While the individual (family) ownership and corporate ownership play an important role in the improvement of companies' performance. These findings confirm the findings of Bubekri, Jiambalo, Yamisri, Zeitoon and Tian, Xu wang and Namazi & kermani.

# 12. Recommendations regarding the research results

According to the research results and achievements the following topics can be determined regarding the functional areas;

- Concerning the low performance of the governmental ownership, it is necessary that the government and related organizations, as shareholders of governmental companies, accelerate the privatization process and modification of ownership structure. They should help improve the performance and increase the value of economic units through developing a systematic and powerful structure to control the efficiency of the institutions and companies, as well as codifying protection laws for non-governmental sectors.
- Considering the research results, investors who seek more profitability from their investments, should consider ownership type of the companies' shareholders as well as type of ownership concentration or dispersion of the shareholders in their investment options and try to invest in companies stock with less governmental ownership layers but more ownership concentration.

### 13. Recommendations for future researches

According to the findings of the present research, the following topics can be presented for more studies in the research field;

- Using the linear regression piecewise for identifying threshold or possible target level.
- Differencing the role and effect of ownership in financial institutions (banks, insurance companies, etc), investment companies and non-financial companies in terms of value and performance of the companies.
- Using the entropy coefficient or the ratio of the stock owned by the largest owner to specify the degree of possession of major shareholders and studying its effect on the performance criterion.

• Studying the effects of factors such as type of ownership on degree of concentration or dispersion of ownership.

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