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

Esmail panahi1, sonia panahi2, Alireza eghbali amoghin3, Amin gholami4

1Department of Accounting, Genaveh Branch, Islamic Azad University, Genaveh, Iran
2,3Sama technical and vocational training college, Islamic Azad University, Ardabil Branch, Ardabil, Iran
4Islamic Azad University, Kish International Branch

Gh.panahi@yahoo.com

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 Stock 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

Keywords: Type of ownership, ownership concentration, Stock returns, Panel Data

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 efficiency and company 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 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).

![Diagram1](http://www.lifesciencesite.com)

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

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].

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 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 dependent variables include the variable of stock return and the variable of Q Tobin:

- The return (ARi): 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]:

\[ Q = \frac{Mve}{Bva} \]

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, Hermaline & 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 cross-sectional 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 non-correlated 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:
Model (1-2): The model for evaluating the institution return:
\[ Q_{it} = \beta_0 + \beta_1 \text{Con}_{it} + \beta_2 \text{Lev}_{it} + \beta_3 \text{Beta}_{it} + \beta_4 \text{Grow}_{it} + \beta_5 \text{Ren}_{it} + \nu_{it} \]

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:
\[ AR_{it} = \beta_0 + \beta_1 \text{Firm}_{it} + \beta_2 \text{Con}_{it} + \beta_3 \text{Lev}_{it} + \beta_4 \text{Beta}_{it} + \beta_5 \text{Grow}_{it} + \beta_6 \text{Ren}_{it} + \nu_{it} \]

Model (1-4): The model for evaluating the institution value:
\[ Q_{it} = \beta_0 + \beta_1 \text{Firm}_{it} + \beta_2 \text{Con}_{it} + \beta_3 \text{Lev}_{it} + \beta_4 \text{Beta}_{it} + \beta_5 \text{Grow}_{it} + \beta_6 \text{Ren}_{it} + \nu_{it} \]

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.

<table>
<thead>
<tr>
<th>Variables of research</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Average</th>
<th>Standard deviation of criterion</th>
<th>Skew</th>
<th>Elongation</th>
<th>Possibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock return</td>
<td>419</td>
<td>-0.58</td>
<td>5.59</td>
<td>0.33</td>
<td>0.12</td>
<td>2.65</td>
<td>13.41</td>
<td>2385</td>
</tr>
<tr>
<td>Q Tobin</td>
<td>420</td>
<td>0.84</td>
<td>10.4</td>
<td>1.94</td>
<td>1.42</td>
<td>1.51</td>
<td>3.10</td>
<td>13.88</td>
</tr>
<tr>
<td>Degree of concentration</td>
<td>420</td>
<td>152</td>
<td>9430</td>
<td>2638</td>
<td>2552</td>
<td>1834</td>
<td>1.23</td>
<td>5</td>
</tr>
<tr>
<td>Market return</td>
<td>420</td>
<td>-0.13</td>
<td>1.39</td>
<td>0.37</td>
<td>0.16</td>
<td>0.49</td>
<td>1.26</td>
<td>3.26</td>
</tr>
<tr>
<td>Beta</td>
<td>420</td>
<td>-4.62</td>
<td>15.0</td>
<td>0.65</td>
<td>0.34</td>
<td>1.49</td>
<td>3.37</td>
<td>27.46</td>
</tr>
<tr>
<td>Size</td>
<td>420</td>
<td>23.29</td>
<td>30.7</td>
<td>26.59</td>
<td>26.40</td>
<td>1.50</td>
<td>0.47</td>
<td>2.84</td>
</tr>
<tr>
<td>Sale growth</td>
<td>420</td>
<td>-0.59</td>
<td>1.96</td>
<td>0.22</td>
<td>0.19</td>
<td>0.28</td>
<td>2.06</td>
<td>12.27</td>
</tr>
<tr>
<td>Financial Lev.</td>
<td>420</td>
<td>0.30</td>
<td>0.95</td>
<td>0.66</td>
<td>0.66</td>
<td>0.13</td>
<td>-0.3</td>
<td>2.71</td>
</tr>
<tr>
<td>Market value to book</td>
<td>420</td>
<td>0.34</td>
<td>38.7</td>
<td>4.26</td>
<td>2.38</td>
<td>5.75</td>
<td>3.34</td>
<td>15.21</td>
</tr>
<tr>
<td>Gov. ownership percentage</td>
<td>420</td>
<td>0</td>
<td>0.99</td>
<td>0.61</td>
<td>0.74</td>
<td>0.32</td>
<td>-0.7</td>
<td>1.93</td>
</tr>
<tr>
<td>Corporate ownership percentage</td>
<td>420</td>
<td>0.009</td>
<td>0.98</td>
<td>0.30</td>
<td>0.21</td>
<td>0.28</td>
<td>1.13</td>
<td>2.90</td>
</tr>
<tr>
<td>Individual ownership percentage</td>
<td>420</td>
<td>0.009</td>
<td>0.98</td>
<td>0.30</td>
<td>0.21</td>
<td>0.28</td>
<td>1.13</td>
<td>2.90</td>
</tr>
</tbody>
</table>
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 (GMM.DPD).

Table 1. Descriptive statistic of research data

<table>
<thead>
<tr>
<th>Dependent variable: AR</th>
<th>EGLS Method</th>
<th>GMM method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed amount (c )</td>
<td>-6.965668</td>
<td>0.0000</td>
</tr>
<tr>
<td>Ownership concentration (Conc)</td>
<td>0.000735</td>
<td>0.0000</td>
</tr>
<tr>
<td>Market return (Rm)</td>
<td>0.224815</td>
<td>0.0000</td>
</tr>
<tr>
<td>Beta</td>
<td>0.139926</td>
<td>0.0000</td>
</tr>
<tr>
<td>Size</td>
<td>0.264051</td>
<td>0.0000</td>
</tr>
<tr>
<td>Financial leverage (Lev)</td>
<td>-0.507631</td>
<td>0.0082</td>
</tr>
<tr>
<td>Market value to book (MTB)</td>
<td>0.029610</td>
<td>0.0000</td>
</tr>
<tr>
<td>Sales growth</td>
<td>0.426848</td>
<td>0.0001</td>
</tr>
<tr>
<td>auto-regression phase 1- (AR )</td>
<td>-0.236380</td>
<td>0.0000</td>
</tr>
<tr>
<td>Variable return delay – Rt (-1)</td>
<td>-0.093642</td>
<td>0.0000</td>
</tr>
<tr>
<td>Statistic F</td>
<td>7.369711</td>
<td>Statistic L</td>
</tr>
<tr>
<td>Possibility of statistic F</td>
<td>0.0000</td>
<td>Possibility of statistic L</td>
</tr>
<tr>
<td>Adjusted coefficient of determination</td>
<td>0.584957</td>
<td>Instrumental degree</td>
</tr>
<tr>
<td>Watson Durbin Test</td>
<td>2.190852</td>
<td></td>
</tr>
</tbody>
</table>

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

Diagram 2. The degree of ownership concentration based on Herfindahl index.

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.
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.

<table>
<thead>
<tr>
<th>Dependent variable: Q</th>
<th>EGLS Method</th>
<th>GMM method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed amount (c)</td>
<td>0.745063</td>
<td>0.0000</td>
</tr>
<tr>
<td>Ownership concentration (Conc)</td>
<td>-0.00002</td>
<td>0.0302</td>
</tr>
<tr>
<td>Market return (Rm)</td>
<td>0.203028</td>
<td>0.0000</td>
</tr>
<tr>
<td>Beta</td>
<td>0.015209</td>
<td>0.0013</td>
</tr>
<tr>
<td>Financial leverage (Lev)</td>
<td>1.231709</td>
<td>1.766375</td>
</tr>
<tr>
<td>Sales growth</td>
<td>0.362453</td>
<td>0.0000</td>
</tr>
<tr>
<td>auto-regression phase1-(AR)</td>
<td>0.453144</td>
<td>0.0000</td>
</tr>
<tr>
<td>Variable delay Q (-1)</td>
<td>0.631212</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Dependent variable: Q</th>
<th>EGLS</th>
<th>GMM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock</td>
<td>-10.073</td>
<td>0.0029</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent variable</th>
<th>GMM Method</th>
<th>EGLS Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock</td>
<td>Governmental</td>
<td>-10.073</td>
<td>0.0029</td>
</tr>
</tbody>
</table>

http://www.lifesciencesite.com

lifesciencej@gmail.com
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.

Table5. The relationship between Q-Tobin (the criterion of evaluating the value) and type of ownership

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent variable</th>
<th>GMM Method</th>
<th>EGLS Method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ownership type and concentration</td>
<td>coefficients</td>
<td>P-value</td>
</tr>
<tr>
<td>Company value</td>
<td>Governmental concentration</td>
<td>-7.0833</td>
<td>0.0109</td>
</tr>
<tr>
<td>Company value</td>
<td>Corporative concentration</td>
<td>4.7425</td>
<td>0.027</td>
</tr>
<tr>
<td>Company value</td>
<td>Individual Concentration</td>
<td>6.6230</td>
<td>0.0227</td>
</tr>
<tr>
<td>Company value</td>
<td>Private concentration</td>
<td>6.5392</td>
<td>0.0071</td>
</tr>
</tbody>
</table>

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 χ2 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, Jiambal, 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.

Reference


Corresponding Author:
sonia panahi
Sama technical and vocational training college, Islamic Azad University, Ardabil Branch, Ardabil. Iran
E-mail: Gh.panahi@yahoo.com