

The impact of managerial ownership, financial leverage and audit quality on firm performance in Tehran stock exchange.

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Abstract: In this study effect of managerial ownership, financial leverage and audit quality on firm performance was investigated. QTobin's is used for measure Firm performance. Hypotheses Test by multiple regression with control the determinants of firm performance is done by Panel Data. All firm accepted in period 1388 to 1392 has Statistical population. Finally, 103 companies that information was available, were selected as the sample was analyzed. The finding show that managerial ownership there is a significant positive correlation with firm performance, the finding also show that financial leverage has significant negative correlation with firm performance, also the finding show that audit quality Contains (audit fee and audit tenure) has significant positive correlation with firm performance.

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Key word: managerial ownership, financial leverage, audit fee, audit tenure, firm performance

Introduction

The main objective of economic accounting help investors in making appropriate decisions. This leads to the creation of a single financial reporting in the economy. This leads to the audit.

However, the audit also not so long during his lifetime was facing enormous challenges. One of the most important of these challenges is maintaining auditor independence. On the other hand Alzhmh audit of the client's right to receive the screw and on the other hand should comment on his work. This has led to the independence and the right Alzhmh audit has always been one of the topics discussed in this research is financial. In addition to the right to audit Alzhmh In many cases, the relationship between auditor and auditee makes the independence of the affected client. For example, in the 2003 financial crisis and the bankruptcy of large companies in the United States this relationship was one of the main reasons for the emergence of the crisis. In addition Brtvlny auditor-auditee collaboration period, Arayh non-audit services such as financial services, consultancy services and also provide that placed their independence is flawed.

Many researchers have found that appropriate corporate governance structure and its market value has a positive effect on firm performance. Corporate governance involves a set of relationships between shareholders, directors, auditors and other stakeholders to respect the rights of minority shareholders control system that ensures contact and proper implementation of the decisions of the Assembly and to prevent possible misuse. Firms believe that good corporate governance, effective management and control of

business units to facilitate the screw and hence are able to provide optimal efficiency for all acquiring an important loss. Azpzhvhsh many in the field of corporate governance based on representation theory and focused on the issue of conflict of interest stems. When it comes to conflicts of interest before the interests of managers and owners are not in one direction. Agency theory keeps saying, firms with better corporate governance mechanisms, with better performance and higher value, and this is due to the lower costs My Dand representation.

On the other hand financial leverage reflects the tendency of companies to finance through debt versus capital. So companies that have high financial leverage Zyf Try performance of the Shrkt that have lower leverage, will have a negative relationship between leverage and performance.

According to the above main objective of this study was to investigate the effect of managerial ownership, financial leverage on corporate performance of firms and audit quality is the Pzyrflh Shdh in Tehran Stock Exchange.

problem statement

The problem of representation "was passed. is. shareholders of the company, a controller, and apply governance in cooperatives.

In general, corporate governance, including legal arrangements, cultural and institutional They are firms determine the direction of motion and function addressing. Elements that are present in these scenes, are shareholders and ownership structure, Trkybat Shan Board of Directors and the management of companies led by the CEO or chief executive

Tremblay and Sayrznynf that may affect the company's motion.

The basic property rights by the managers, their interests align with the interests of other shareholders, so that management is value-maximizing incentive for follow-up activities. There are major shareholders or shareholder institutions can also increase or improve their monitoring. And therefore leads to better performance of institutions.

In order to maximize the wealth of its shareholders.

Since the cost of capital as a function of its capital structure as optimal capital structure to reduce the cost of capital is an enterprise and its market value is made.

The financial statement items as a measure to evaluate the performance and ability will be considered the profitability of profit, pure profit. But the calculation of net income per unit profit is affected by the accounting methods and estimates. through their actions, the profit change. On the other hand the company for reasons such as retention, rewards, etc. profit management intentionally or unintentionally, may manipulate earnings, the company's desired effects. Under such circumstances, the real profit with profit reported in the financial statements are inconsistent and events as earnings management occurred.

The overall objective of Auditors, to protect the interests of shareholders against the distortions and errors in financial statements is important. Auditors to maintain professional reputation, his professional reputation and avoid litigation against themselves, to increase quality audit. The managers' incentives to impose their own interests in earnings quality, prevent the auditor from achieving their own goals.

The importance and necessity of research

In today's competitive world create value and wealth creation for shareholders is one of the main objectives of any person or company to invest in venture capital firms are. Investors are increasingly demanding that their capital and maximize it. Investors need to achieve your goals and measurement tools and metrics to identify potential value in each investment opportunities. These criteria must be reliable enough to enable investors to perform their decisions on the basis of their capital spend in commercial activities. This is where knowledge of accounting and financial management to help investors comes to help them in their decisions.

Research purposes

The main objective:

The main objective of this study was to investigate the effect of managerial ownership, financial leverage on corporate performance in firms

and audit quality is the Pzyrfth Shdh on the stock exchange.

Secondary objectives:

1. The relationship between managerial ownership and firm performance
2. The relationship between leverage and firm performance
3. The relationship between Hq Alzhmh Audit and Corporate Performance
4. The relationship between auditor tenure and corporate performance

Members results

Grvh and various organizations following the results of this research can be used effectively for decision:

1. Securities and Exchange Organization
2. actual and potential investors
3. Bank and creditors
- 4 students and researchers
5. The directors of commercial companies

Research questions

1. Is there a significant relationship between managerial ownership and firm performance?
2. Is there a significant relationship between financial leverage and firm performance?
3. Is there a significant relationship between Hq Alzhmh audit and corporate performance?
4. Is there a significant relationship between auditor tenure and corporate performance?

Hypotheses

1. There is a significant relationship between managerial ownership and firm performance.
2. There is a significant relationship between financial leverage and performance.
3. There is a significant relationship between Hq Alzhmh audit and performance.
4. There is a significant relationship between auditor tenure and corporate performance.

Conceptual and operational definition of variables in research arrives.

The dependent variable:

The dependent variable in this research is to measure the performance of the benchmark used Tobin's Q-cofactor is the sum of market value and book value of equity to total assets-the company Bdhy.

Independent variables:

Property Management for the board and the CEO is defined stock.

Financial Leverage:

The ratio of total assets to total Bdhy Company

audit quality:

In this study, two criteria to measure the quality of audits of auditor tenure and audit HqAlzhmh used.

Auditor tenure:

The number of consecutive years that an auditor is responsible for auditing a company's behalf.

Hq Alzhmh audit:

Is the natural logarithm of Hq Alzhmh paid to the auditor

Company size:

is the natural logarithm of total assets now

Profitability:

is equal to earnings per share

Losses: a dummy variable is, this case, if the company in question is losing its value and otherwise a zero valuation is made

Research Methodology

This research is based on quasi-experimental research design approach using the event (from the past) is.

Community sample

The aim of the investigation was to identify and anticipate is a phenomenon in a population. In the study period from 1388 to 1392 shown in this study population, including all firms accepted in Tehran Stock Exchange respectively. These samples of the population, consider the following properties notion:

1. Information required for the years under review, the firms selected entirely from various sources, is available.
2. The company's fiscal year is 29 March of each year.
3. Change in financial firms do not have a choice in the period under review.
4. firms should continue to be active during the fiscal year;

Component firms Vasth Gry industry, investment, leasing and insurance companies are, therefore, taking into account the above conditions in the period 1388 to 1392 the number of companies that have above conditions had been chosen.

Methods to collect and analyze data

The research is based on real figures and stock market faces audited annual financial firms listed in the Tehran Stock Exchange respectively. For literature and the literature of library method has been used. In the library, books and professional journals Persian and Latin literature has been collected.

This step in the research is important because the efforts and hard Nshandhndh past. At this stage, the researcher information and data in order to test the hypothesis and its assessment was based. In the analysis phase, what is important is that researchers need information and data in the aim of answering the research questions and hypotheses to evaluate their research, the analysis shows. First, the list of firms listed in the Tehran Stock Exchange, since the beginning of 1388 until the end of 1392, the firm's research samples. The variables for the selected companies in each of the years studied, collected and calculated in throughput. After collecting the required data, to analyze data from Excel and Eviews8

softwares are used. Then, using statistical methods to analyze the data descriptive analysis and then Frzyh study were tested using multiple regression and simultaneously independent and control variables and the dependent variable, theoretical foundations.

Corporate governance

Today, the term governance (rule of) a company developing a concept note and is in the business world. Corporate governance is the foundation of the company's relationships with interest groups. Like many of the topics discussed ongoing, there are a variety of corporate governance perceptions and definitions, differences in attitudes to enterprise-wide relationships with stakeholders concerned. Corporate governance at the micro level, achieving company goals and at the macro level, the optimal allocation of society's resources in mind. Corporate governance in such a way that we have today is history, the 1990s and the financial scandals in some of the larger returns. Despite some differences, it seems fundamental principles of corporate governance in both developed and developing, over time the convergence path has come. To develop a corporate governance favorable internal and external factors as well as economic conditions, political and cultural ones seem necessary. In recent years significant progress in establishing governance (rule) company through legislative and regulatory and voluntary measures in developed countries and developing companies has been made. Investors and shareholders have become more aware of the necessity and importance of corporate governance and to pursue the establishment of this system have been interested in the company. Corporate governance rules, regulations, structure, processes, culture and systems that would achieve the objectives of accountability, transparency, fairness and the rights of beneficiaries.

According to the process of information disclosure, investors (traders) are faced with the problem of information asymmetry. The problem arises when one party towards the other side of the transaction has more information than the other party. Like previous studies, the criteria of liquidity (bid and sell stocks and market depth) as the representative of the information asymmetry is used.

Corporate governance mechanisms Asrmy information is disclosed by the company for its shareholders have optimal probability of a lack of full disclosure and information disclosure to reduce low credibility. Research shows that if there is effective supervision of the Board of Directors Brmdryt, quality and sufficiency of the information published by the management increases.

Quality improvement expose the company to reduce information asymmetry and reduce information asymmetry bring less profit management. In this

study, the different aspects of the information environment and the effect on the quality of corporate governance information environment will be studied at the time of the earnings announcement. The markets for capital, the only way of achieving the very investors the information, declarations and notifications that are issued by companies (such as with Shdh predicted profit per share).

One of the factors in the decision, the right information and the relevant decision. If the information required to be distributed asymmetrically between individuals, (transfer of data to be unevenly among the population) can cause different results for the same thing. So, before your information is important for decision-makers, the quality of the distribution of information that should be carefully evaluated.

When information asymmetry with respect to the shares of a company increases its intrinsic value with the value that investors in the capital market for the shares to be granted will be different. As a result, the real value of the company's stock value will differ from the expectations of the stakeholders.

An example of this type of notifications can be PEPS announcements in which the proposed dividend per share predicted by the company and to be made public. supply and demand affects the so-called, to be Qymt gaps.

has been proposed.

The importance of corporate governance.

The importance of corporate governance to the success of the company and a social welfare doubt. It is more important due to recent events.

The reasons for the importance of good corporate governance can be summarized in the following cases.

First, we can say that the process of privatization and market-based investment is one of the most important economic issues of the day.

Second, because of advances in technology, liberalization of financial markets, liberalization of trade and other structural reforms, especially in the field of deregulation of pricing and the removal of restrictions on ownership, how to allocate capital among national and transnational corporations subtleties has found.

Third, Hrkt capital of the company increased ownership to the ownership and the role of financial intermediaries has increased. In other words, the role of institutional investors in many countries has become stronger.

Fourth, reform programs in this field of finance, causing the formation of this part of the domestic economy and foreign countries. Although current corporate governance rules replace the previous rules, but the mechanism is not necessary and has created conflicts.

Fifth, increase financial solidarity at the international level and the flow of investment and trading internationally is causing problems.

According to these routes through which any corporate governance can affect economic growth include:

1. Corporate governance reduces capital costs and thus increase the value of the company. This will lead to investments and more jobs to the community.

2. Corporate governance, improved operating performance and the addition of proper management, the efficient allocation of resources, which ultimately leads to increase shareholder wealth.

3. Corporate governance is associated with a reduced risk of financial crisis. This is especially important when such risk leads to the creation of the high costs.

4. Having good corporate governance means better communication with stakeholders on social and labor relations company.

Is. Rational investors, they will surely ask whether good corporate governance to improve the performance of the capital markets? In other words, to what extent corporate governance mechanisms, to create an effective balance between the rights and responsibilities of actors helps companies and management. In other words, shareholders on the subject of how the company managed to reach consensus.

The effect of ownership structure adjustment.

Previous studies show that limits ownership structure behaviors Frst Tlbanh managers. Types of ownership structures include property management, government and institutional Democrats. The owners are motivated and have the power to control the proper use of. Adjusted free cash flow and capital ownership link between the use of provides administrators the ability to control behavior makes Frst Tlbanh. with agency problems faced significantly higher.

property management

Property management is defined as the percentage of shares held by General Manager of the company. The level of managerial ownership is different. The criteria for measuring the level difference can be considered a conflict of interest between the manager and the owner. With increasing levels of internal management ownership, the possibility of reduced costs represent. shrkt opens with an impressive top management in order to maximize shareholder value from its assets being used more efficiently addressing. Property management to reduce the incentive for managers to increase their personal interests and the interests of shareholders Chshm Pvsy, the screw. Because this is dumped into the more strict and more efficient managers and thus

stimulate the use of productivity and benefits also increased.

and maximizing long-term shareholder interests played a screw. Based on agency theory, property management to serve the interests of both managers and owners helps.

Stock company's managers who have the ability to influence investment decisions now in order to cash flows in projects with positive present value. The free cash flow managers to run only in the interests of shareholders to have delivered. In other words, the goal of maximizing shareholder managers through the use of free cash flow Democrats. Improper use of free cash flows can be said that managerial ownership limit and make appropriate use of screw.

Conclusion

Many firms operating on Tsmym Gyry Hast. One key factor that most creditors, investors, managers and other economic actors can interact pay attention to it, is performance. measure and compare, in other words, performance, results and experiences can yield investments in a given period. In financial literature, different criteria are used to measure performance, such as return on, Tobin index, Srmayh Gzaryha efficiency, return on equity, earnings per share of economic value added and that each of these criteria has advantages and have limitations. The Tobin criteria used to measure performance.

The aim of this study was to evaluate the effect of managerial ownership, financial leverage and audit quality on the company's performance in firms listed in the Tehran Stock Exchange. In the first quarter OVERVIEW Barh research subject, express the need for research and variables were presented. In the second chapter, the theoretical and Pyshynh study the factors affecting the company's performance in firms listed in the Tehran Stock Exchange were examined. In the third quarter, research methodology, research Frzyh, scope and location and NhvH measured variables. Furthermore, the combined data econometric methods and models used in this approach was different. In chapter four, the data collected was analyzed. The level of managerial ownership is different. The criteria for measuring the level difference can be considered a conflict of interest between the manager and the owner. With increasing levels of internal management ownership, the possibility of reduced costs represent. shrkt opens with an impressive top management in order to maximize shareholder value from its assets being used more efficiently addressing. Property management to reduce the incentive for managers to increase their personal interests and the interests of shareholders Chshm Pvshy, the screw. Because this is dumped into the more strict and more efficient managers and thus

stimulate the use of, productivity and benefits also increased.

and maximizing long-term shareholder interests played a screw. Based on agency theory, property managers and owners, helps management to the benefit of both.

The results of the second hypothesis test showed that significant negative relationship between leverage and firm performance there. This means that whatever amount is financed through a higher debt company performance is lower.

as constraints upper liquidity order for them to be followed or contracts that commitment fees imposed higher employment, thus existing might lead to inappropriate investment that corporate survival, and survival risk expose.

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