The Relationship Between Managerial Ownership, Capital Structure and Market Value of Firms: Evidences from Tehran Stock Exchange

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Abstract: The current study aims at investigating the relationship between managerial ownership, capital structure and market value of listed companies in Tehran Stock Exchange. To this end a sample including 658 year-company among listed companies in Tehran Stock Exchange in form of eight industrial groups during 2007 to 2011 were studied and tested. The obtained results have revealed that generally there is a meaningful positive relationship between managerial ownership and capital structure, but this relationship for 0%-20% interval is not meaningful, for 21%-40% is negative and meaningful and for 21%-100% is positive and meaningful. Also, the results showed that there is a meaningful relationship between capital structure and market value of the company and this relationship is positive for all levels of managerial ownership. The overall conclusion of this study indicates that the relationship between managerial ownership and market value of the company for 0-20% interval is not meaningful and for 21-100% interval is positive and meaningful.

Key words: Managerial ownership · Capital structure · Market value of the company and Tehran Stock Exchange

INTRODUCTION

For several years in the past, the economists considered that all groups related to a stock company work for a common goal.but during thirty years, many cases have been introduced by economists with regard to the conflict of interests among groups and the companies reaction to these kinds of conflicts (Jensen and Meckling,1976) [1].

Generally, these cases are stated as "the theory of delegation" in the accountancy management. According to the definition of Jensen and Meckling : the relation of delegation is a contract that on the basis of it the employer or owner appoint the representative or employee and submit the decision-making power to him.

However, there is a supposition that both parties (the owner and the manager)are seeking to maximize their interests, the representative may not continually act to maximize the owner interests. the owner (stockholders)can modify the fall and conflict of interests through paying earnings and adequate benefits to the representative, taking the responsibility for the costs of controlling the representative to limit his inept activities.(Namazi ¡ 2006)[2].

The conflict of interests has worried the owners (stockholders) in sofaras they examine the performance of managers to assure optimal resources allocation by managers. it is specified overtime,that some decisions of managers may waste resources of company and put an end to owners wealth. on the one hand, the managers were seeking to maximize their interests, more over ; to assure the owners that their decisions were in the direction of the owners interests.(Namazi ¡ 2006) [2].

On the other hand, the purpose of stock companies and managers is to maximize the value of stockholders earnings, in other words to maximize the value of company. it is needed to apply financial resources optimally, to yield and take proper risks. the matter of the capital structure and its optimal combination and in other words the company financing from several resources is a

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discussion that first was suggested by Modilianee and Miller in 1958.there after it is the scheme of many financial researches and the mentioned researches led to in traducing new theories now and then.

The managers have the key role to control the rights of stockholder that were kept by them. the owners(stockholders)of company,have different rights including: to select the board of directors who as a representative to control the managers performance. On the other hand, the chief stockholders have significant roles to transfer information to other stockholders. the stockholder can get personal information from management and transfer the information to other stockholders (Najjar,2008) [3].

The isolation of ownership and controlling creates the conflict of interests between managers and stockholders. the interest groups tend to rise their private interests and popularity. According to the theory of company, the interests of managers should be in the direction of stockholders and interest groups interests. In fact, the ownership of managers does not continually rise the performance, because the considerable ownership of managers rise the power of managers and lower the controlling over them and this matter minimize the performance of company (Jensen and Meckling,1976) [1].

The ownership structure in corporate governance is a central and specific point. Determination of the type of ownership structure and the arrangement of the company shareholders is an instrument of control and governing in companies. This dimension of governance in examinable in form of various dimensions determining type of company ownership such as ownership distribution, ownership concentration, the existence of low-ranking shareholders, minority and majority in the arrangement of the company ownership and their ownership percentage. Combining of shareholding follows different patterns including: institutional stockholders, managerial ownership and private and national stockholders.

It's a long time that the relationship structure of companies and finance policies is considerable in the financial literature. when the companies take steps towards privatization, the importance of Corporate governance becomes more clear. The process of privatization and transformation of the national ownership to the private ownership, which was introduced with the purpose of improving the performance in iran during recent years, follows problems regarding delegation.

The increasing number of ownership, differing in the share of ownership, the texture and the type of combination and their identity affect the finance of company, which make changes in the efficiency of company. Therefore, in the research we consider the relationship between managerial ownership, capital structure and market value of the company, in other words the purpose this project is to examine the effect of managerial ownership on the company value by using the capital structure in the adopted companies in Tehran stock exchange.

Literature Review: (Morck,1988) [4] In a superficial study, found a significant varied relationship between the ownership and the performance which was measured by TQ, among 371 companies from 500 selected companies by the fortune journal, in such a way that as the managers ownership rise, the TQ rise and them fall and finally it rises. (McConnell,1990) [5] they also got the same results with the results of Morck.

(Dalton,2003) [6] In a research they found that there are two kinds of ownership that reduce costs of delegation: first providing capital stock for managers and second the ownership of block stockholders and institutional investors that make the controlling over management easier and the company reach a better financial performance.

(Hasan,2009) [7] They examined the relationship between the Corporate governance and the capital structure for a sample of adopted companies in Pakistan stock market. The results show that the scale of board of management has significantly negative relationship with the debt ratio to the stockholders earnings. The results also represent that the Corporate governance variables such as the size and the ownership structure a managerial stockholders play an important to role determine the financial combination of companies.

Chaganti an daman pour (1991),crier and zychowicz (1994) and bthala(1994)in their research examined the relationship between the capital structure and the ownership structure and the results showed a negative relationship between institutional ownership and the lever. (Najjar,2008). [3] on the other hand, Berger (1997) showed that the management ownership and the lever have a positive relationship with each other.

(Namazi ¡ 2006) [2] They studied the effect of capital structure on the profitability of adopted companies in Tehran stock exchange on108 companies with different industries during1997-2001.the results of their study show that there is a positive and significant relationship between the capital structure on the output ratio of stockholders earnings, as though this relationship is statistically weak. in addition, they suggest that the

relationship between the capital structure and the profit ability depends on the industry and the presented definition of profitability.

(Huang, 2006) [8] Did are search into 1200 chinese companies. They studied the relationship of some capital structure factors with the debt ratio. the results of their research show that as the profitability and the share managerial ownership rise, the debt ratio fall and as the size of the company rise, the dept ratio also rise. Also the rate of visible assets has a positive effect on the debt ratio. Moreover their research shows that national and institutional ownership doesn't have much effect on companies capital structure policies.

(Cespedes, 2010) [9] At al 2010 examined the specified of the capital structure during 1996-2005 in 7 latin American countries. in this study, 6766 companies were selected as samples. They found that there is a positive relationship between the lever and the ownership centralization.Also the results of the abovementioned research represent appositive relationship between the lever and the development variable and a negative relationship between the lever and the profitability.

In 2012, Absurb [10] examined the capital structure over the performance of companies which were adopted in palestine stock exchange during 2006-2010, that among from them just 28 companies were selected as samples. in this research on the one hand five criteria including : stockholders yield of earnings, yield of assets,each profit share. the ratio of market value to the bureau value of stockholders earnings and the ratio of TQ were selected as accounting standards and as assessment market of company performance and also as dependent variables, on the other hand four criteria including: the ratio of short term debts to the total assets, the ratio of long term debts to the total assets, the ratio of total debts to the total assets and, the ratio of total debts to the stockholders total earnings were selected as in dependent variables. the results represented that the capital structure has a positive effect on the assessment of company performance.

(Kouki, 2009) [11] examined the relationship between the stockholders managers ownership and the shared stock profit in a research in tunisia. the population of the research was the whole adopted companies in Tunisia exchange. The recieved information the presented financial statements in the stock exchange and data bank during 1995-2001 was tested by multi variable regression. the results showed that the more the percentage of stockholders ownership, the more the stock profit will be shared.

(Rajan, 1995) [12 examined the specified factors of the capital structure related to the seven big countries (including: America, England, Canada, France, Germany, Italy And Japan) stock companies. The finding of the research represent that the financial lever has a negative relationship with the profitability and with the ratio of market value to office value, also it has a positive and significant relationship with the visible fixed assets and with the size of companies.

San *et al* (2011) [13] studied the relationship between the capital structure and the company performance in constructing Malaysia stock exchange companies performance in constructing during 2005-2008.

Zeitun *et al* (2007) [14] examined the effect of the capital structure on the company performance for 167 jordanian companies during 1989-2003. The results represent that the capital structure has a negative and significant effect on the accounting criterion related to company performance assessment. they also stated that the ratio of the short term debts to the total assets has a negative and significant effect on the assessment market of Jordanion company performance criterion,i.e.TQ.

Research Hypotheses: In order to examine the relationship among the managerial ownership,the capital structure and the value of adopted companies in Tehran stock exchange. some hypotheses are developed as follows:

H₁: The first hypothesis :there is a significant relationship between the managerial ownership and the capital structure. In the above-mentioned hypothesis the effect of the managerial ownership on the capital structure will be tested in five parts as follows:

0-%20,%21-%40,%41-%60, %61-80 and %81-%100

H₂: The second hypothesis: there is a significant relationship between the capital structure and the value of company. In the above-mentioned Hypothesis the effect of the capital structure will be tested as follows on company market value in different parts of the managerial ownership:0-%20,%21-%40,%41-%60,%61 - %80 and %%81-%100.

MATERIALS AND METHODS

Population and Sample: The whole adopted companies in Tehran stock exchange during 2007-2011make the population of the present research.

In order to select a sample, the following condition are taken in to consideration:

- The firm was accepted in stock exchange before 2007.
- The firms would be producer for having regular data.
- The last day of financial period of the firm would be 31th of December for having comparable data.
- We would not have financial period change in research period.

The related sample is selected by omitting method(purposeful), in such a way that the whole member companies in population hand the above-mentioned conditions and are accounted in the selected sample.

Finally,132 are selected as a sample and for data collection among from those companies.the used data in the research, are of real and historical ones that are gathered from companies financial statements.

Data Analysis Method and Hypotheses Testing: The purpose of the present research is of applied and its nature is of descriptive.the main purpose of the research is to specify the existence, amount and type of relationship between the variables.

The hypotheses testing is done through using combined data and multivariable regression. fisher and (F)student model are used to test the significance of independent variables estimated coefficients. The test is used in order to determine the total adequacy of Regression model from the regression T –statistic and R^2 is used in order to explain independent variable change by dependant variables. Also the test of Durbin-Watson is used in order for the self-correlation not to be between the model error and the dependent variable.

Research Operation Variable and Models: In the present research, the following model has been used to test the hypotheses.the calculation method of each research variables is presented in table one.

$$CS = a + \beta MAOW + \beta CR3 + \beta ROA + \varepsilon$$

$$Q = a + \beta CS + \beta MAOW + \beta ROA + \beta CR3 + \beta FS + \varepsilon$$

Where:

$MAOW_{it}$: Managerial ownership of the i company in the t year

Tq_{it} : Market value (TQ ratio) of the i company in the t year

Cs_{it} : The capital structure of the i company in the t year

$CR3_{it}$: 3 superior stockholders of the i company in the t year

ROA_{it} : Asset efficiency ratio of the i company in the t year

Fs_{it} : Size of the i company in the t year

ε_{it} : The remained model part for the i company in the t year

a : The fixed coefficient (width to the origin)and $\beta_{1\_}$ to $\beta_{5\_}$:the controlled and independent variables coefficients.

RESULTS

Descriptive Statistics: Descriptive statistics of dependent and independent variables are presented in Tables 2 and 3, that is divided into 5 part according to the managerial ownership(MAOW) division and also the Table 4 all the variables generally.

As you see in Table 2, the maximum of the capital structure(CS) variable is in the yield of 0-%20 managerial ownership and also according to the table, the maximum of median belong to the yield of %81-%100. there is a minimum standard deviation (0.1105).

As you see in Table 3 the amount of company market value (TQ) has the maximum yield of 61%-80% and also the mean belongs to the yield of 81%-100% and the minimum standard deviation is in the yield of 61%-80% managerial ownership.

In Table 4 data are represented generally, you see that the company market value(TQ) has the mean of 1.32, it shows that Market value of the company of the total assets is more than the mean of the total assets. the mean of Asset efficiency ratio (ROA) equals to 0.1150.the mean of 11.50% represents weak performance of management to profit from company assets. Also the assts output rate has the minimum standard 3superior stockholders (CR3)equals to 67.64%, it represents that 67.64% of the company stock belong to them.

Correlation Analysis: In the range 0-20% There is no significant correlation between the managerial ownership and capital structure. There is a negative and significant correlation between the capital structure and the Market value of the company at the 5% level. there is no significant correlation between the managerial ownership and the Market value of the company.

Table 1: Calculation method of the research operational variables

Variables	Calculation method
Managerial ownership	A ratio of the company stock that belongs to the company management
Market value of the company	Sum of book value of liabilities and market value of stockholder equity divide to book value of total asset
The capital structure	If you divide office value of company debts into the office value, the total company assets will be gained
The 3 superior stockholders	The total ratios of 3 stockholders who have the most share in regard to other stockholders in the company
Asset efficiency ratio	Net income after tax divide to book value of total asset
Firm size	Natural LOG of total asset of firm

Table 2: Descriptive statistic of the research (the CS)

The percent of managerial ownership	Number of observatios	CS			
		Minimum	Maximum	Mean	Std. Deviation
0 = MAOW = 20%	410	0.15	1.34	0.6217	0.18929
21% = MAOW = 40%	45	0.31	0.91	0.6421	0.16994
41% = MAOW = 60%	137	0.20	1.03	0.6122	0.18048
61% = MAOW = 80%	36	0.41	0.91	0.6558	0.15739
81% = MAOW = 100%	30	0.53	0.93	0.7292	0.11507

Table 3: Descriptive statistic research (TQ)

The percent of managerial ownership	Number of observations	TQ			
		Minimum	Maximum	Mean	Std. Deviation
0 = MAOW = 20%	410	0.77	1.99	1.1962	0.72623
21% = MAOW = 40%	45	0.82	1.65	1.1547	0.99358
41% = MAOW = 60%	137	0.71	4.28	1.3008	0.52137
61% = MAOW = 80%	36	0.51	8.09	1.3429	0.22996
81% = MAOW = 100%	30	0.82	6.14	1.4117	0.37735

Table 4 : Descriptive statistic of research

Variables	Number of observations	Minimum	Maximum	Mean	Std. Deviation
CS	658	0.15	1.34	0.6257	0.18426
MAOW	658	0.00	0.98	0.2051	0.23383
TQ	658	0.51	8.09	1.3283	0.69427
CR3	658	0.00	0.98	0.6764	0.22319
FS	658	4.27	7.96	5.6391	0.56702
ROA	658	0.00	0.64	0.1150	0.10648

In the range 21%-40% There is a negative and significant correlation between the managerial ownership and capital structure at the 1% level. There is a negative and significant correlation between the capital structure and the Market value of the company at the 5% level. there is no significant correlation between the managerial ownership and the Market value of the company.

In the range 41%-60% the results show that there is a positive and significant correlation between the capital structure and the managerial ownership at the 1% level. there is a positive and significant correlation between the capital structure and the Market value of the company at the 1% level and there is a positive and significant correlation between the Market value of the company and the managerial ownership at the 1% level.

In the range 61%-80% the results show that there is a positive and significant correlation between the capital structure and the managerial ownership at the 1% level. there is a positive and significant correlation between the capital structure and the Market value of the company at the 1% level. and there is a positive and significant correlation between the Market value of the company and the managerial ownership at the 1% level.

In the range 81%-100% the results show that there is a positive and significant correlation between the capital structure and the managerial ownership at the 1% level. there is a positive and significant correlation between the capital structure and the Market value of the company at the 1% level. there is no significant correlation between the managerial ownership and the Market value of the company.

The results of pearson correlation coefficient test is represented in Table 10,the results show that there is no significant correlation between the managerial

Table 5: Pearson correlational test(0-20%)

Variables	MAOW	CS	TQ	ROA	CR3	FS
MAOW	1	-.024	-.015	-.058	-.152**	-.092
CS	-.024	1	-.114*	-.454**	.044	.033
TQ	-.015	-.114*	1	.503**	.203**	.050
ROA	-.058	-.454**	.503**	1	.096	.098*
CR3	-.152**	.044	.203**	.096	1	.121*
FS	-.092	.033	.050	.098*	.121*	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 6 : pearson correlational test(21%-40%)

Variables	MAOW	CS	TQ	ROA	CR3	FS
MAOW	1	-.546**	-.113	-.155	.291	-.329*
CS	-.546**	1	-.310*	-.056	-.475**	.338*
TQ	-.113	-.310*	1	.122	.043	-.124
OA	-.155	-.056	.122	1	.273	.147
CR3	.291	-.475**	.043	.273	1	-.204
FS	-.329*	.338*	-.124	.147	-.204	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 7: Pearson correlational test(41%-60%)

Variables	MAOW	CS	TQ	ROA	CR3	FS
MAOW	1	.581**	.724**	-.111	.257**	.149
CS	.581**	1	.546**	-.024	.126	.049
TQ	.724**	.546**	1	-.043	.083	.037
ROA	-.111	-.024	-.043	1	-.187*	.069
CR3	.257**	.126	.083	-.187*	1	.014
FS	.149	.049	.037	.069	.014	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 8: Pearson correlational test(61%-80%)

Variables	MAOW	CS	TQ	ROA	CR3	FS
MAOW	1	.839**	.869**	.132	-.360*	.415*
CS	.839**	1	.814**	.112	-.465**	.342*
TQ	.869**	.814**	1	.099	-.260	.258
ROA	.132	.112	.099	1	.002	-.049
CR3	-.360*	-.465**	-.260	.002	1	-.553**
FS	.415*	.342*	.258	-.049	-.553**	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 9: Pearson correlational test(81%-100%)

Variables	MAOW	CS	TQ	ROA	CR3	FS
MAOW	1	.463**	.331	-.175	.267	-.017
CS	.463**	1	.681**	-.356	-.024	-.163
TQ	.331	.681**	1	-.185	.111	-.336
ROA	-.175	-.356	-.185	1	-.142	-.091
CR3	.267	-.024	.111	-.142	1	-.117
FS	-.017	-.163	-.336	-.091	-.117	1

**. Correlation is significant at the 0.01 level (2-tailed).

Table 10: Pearson correlational test (0-100%)

Variables	MOAW	CS	TQ	ROA	CR3	FS
MOAW	1	.041	-.187**	.033	.274**	.004
CS	.041	1	-.035	-.161**	.018	.075
TQ	-.187**	-.035	1	.234**	.112**	.031
ROA	.033	-.161**	.234**	1	.037	.053
CR3	.274**	.018	.112**	.037	1	.058
FS	.004	.075	.031	.053	.058	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

ownership (MAOW) and capital structure(CS). And also there is no significant correlation between the capital structure(CS) and the company market value (TQ). There is no significant correlation between the managerial ownership (MAOW) and assets output rate (ROA). There is a negative and significant correlation between the capital structure (CS) and the Asset efficiency ratio (ROA) at the 1% level. And finally there is no significant relationship between the managerial ownership(MAOW) and the Market value of the company (TQ).

Testing Hypotheses Results
The Results of the First Model
Range of 0 to 20%: Tables 11.1 to 11.3, according to the results of that the F-statistical is 37.227 and its significance is 0.000, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain capital structure (CS) of 21% related to companies under examination. As well as the relationship between the managerial ownership and the capital structure in the level of 0 to 20% is not meaningful.

Range of 21% to 40%: Tables 12.1 to 12.3, according to the results of that the F-statistical is 9.453 and its significance is 0.000, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain capital structure (CS) of 36.6% related to companies under examination. As well as the relationship between the managerial ownership and the capital structure in the level of 21% to 40% is negative and meaningful at the level 95%.

Range of 41% to 60%: Tables 13.1 to 13.3, according to the results of that the F-statistical is 22.834 and its significance is 0.000, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain capital structure (CS) of 32.5% related to companies under examination. As well as the

Table (11.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.464[a]	.216	.210	.19561

a. Predictors: (Constant), CR3, ROA, MAOW

Table (11.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.273	3	1.424	37.227	.000[a]
	Residual	15.534	406	.038		
	Total	19.807	409			

a. Predictors: (Constant), CR3, ROA, MAOW

b. Dependent Variable: CS

Table (11.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.710	.037		19.015	.000
	MAOW	-.193	.223	-.038	-.862	.389
	ROA	-.889	.085	-.465	-10.513	.000
	CR3	.081	.044	.083	1.854	.064

a. Dependent Variable: CS

Table (12.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.639[a]	.409	.366	.14563

a. Predictors: (Constant), CR3, ROA, MAOW

Table (12.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.601	3	.200	9.453	.000[a]
	Residual	.870	41	.021		
	Total	1.471	44			

a. Predictors: (Constant), CR3, ROA, MAOW

b. Dependent Variable: CS

Table (12.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.293	.131		9.881	.000
	MAOW	-1.274	.364	-.455	-3.504	.041
	ROA	-.026	.094	-.036	-.279	.782
	CR3	-.421	.168	-.333	-2.501	.016

a. Dependent Variable: CS

Table (13.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.583[a]	.340	.325	.18973

a. Predictors: (Constant), CR3, ROA, MAOW

Table (13.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.466	3	.822	22.834	.000[a]
	Residual	4.788	133	.036		
	Total	7.254	136			

a. Predictors: (Constant), CR3, ROA, MAOW

b. Dependent Variable: CS

Table (13.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.697	.171		-4.084	.000
	MAOW	2.701	.334	.590	8.082	.039
	ROA	.043	.082	.038	.527	.599
	CR3	-.026	.099	-.019	-.260	.796

a. Dependent Variable: CS

relationship between the managerial ownership and the capital structure in the level of 41% to 60% is positive and meaningful at the level 95%.

Range of 61% to 80%: Tables 14.1 to 14.3, according to the results of that the F-statistical is 29.430 and its significance is 0.000, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain capital structure (CS) of 70.9% related to companies under examination. As well as the relationship between the managerial ownership and the capital structure in the level of 61% to 80% is positive and meaningful at the level 95%.

Range of 81% to 100%: Tables 15.1 to 15.3, according to the results of that the F-statistical is 4.192 and its significance is 0.015, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain capital structure (CS) of 24.8% related to companies under examination. As well as the relationship between the managerial ownership and the capital structure in the level of 81% to 100% is positive and meaningful at the level 95%.

Range of 0 to 100%: Tables 16.1 to 16.3, according to the results of that the F-statistical is 6.333 and its significance is 0.000, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain capital structure (CS) of 24% related to companies under examination. As well as the

Table (14.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.857[a]	.734	.709	.14987

a. Predictors: (Constant), CR3, ROA, MAOW

Table (14.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.983	3	.661	29.430	.000[a]
	Residual	.719	32	.022		
	Total	2.702	35			

a. Predictors: (Constant), CR3, ROA, MAOW

b. Dependent Variable: CS

Table (14.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.906	.559		-1.620	.115
	MAOW	3.390	.435	.769	7.792	.030
	ROA	.006	.050	.011	.116	.908
	CR3	-.837	.435	-.188	-1.923	.063

a. Dependent Variable: CS

Table (15.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.571[a]	.326	.248	.12628

a. Predictors: (Constant), CR3, ROA, MAOW

Table (15.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.201	3	.067	4.192	.015[a]
	Residual	.415	26	.016		
	Total	.615	29			

a. Predictors: (Constant), CR3, ROA, MAOW

b. Dependent Variable: CS

Table (15.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.041	.482		-.084	.934
	MAOW	1.195	.438	.461	2.731	.021
	ROA	-.476	.258	-.303	-1.843	.077
	CR3	-.470	.415	-.190	-1.133	.267

a. Dependent Variable: CS

Table (16.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.168[a]	.028	.024	.22016

a. Predictors: (Constant), CR3, ROA, MOAW

Table (16.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.921	3	.307	6.333	.000[a]
	Residual	31.699	654	.048		
	Total	32.620	657			

a. Predictors: (Constant), CR3, ROA, MOAW

b. Dependent Variable: CS

Table (16.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.647	.030		21.319	.000
	MOAW	.637	.035	.242	4.056	.031
	ROA	-.193	.046	-.163	-4.225	.000
	CR3	.014	.043	.013	.324	.746

a. Dependent Variable: CS

relationship between the managerial ownership and the capital structure in the level of 0 to 100% is positive and meaningful at the level 95%.

Results of the Second Model

Range of 0 to 20%: Tables 17.1 to 17.3, according to the results of that the F-statistical is 33.408 and its significance is 0.000, it shows the general adequacy of the regression model in research. The R^2 shows that the independent and controlled variables could explain Market value of the company of 28.4% related to companies under examination. As well as the relationship between the capital structure and the Market value of the company in the level of 0 to 20% is positive and meaningful at the level 95%. As well as the relationship between the managerial ownership and the market value of firm in the level of 0 to 20% is not meaningful.

Range of 21% to 40%: Tables 18.1 to 18.3, according to the results of that the F-statistical is 2.394 and its significance is 0.035, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain Market value of the company of 13.7% related to companies under examination. As well as the relationship between the capital structure and the Market value of the company in the level of 21% to 40% is positive and meaningful at the level 95%.and the relationship between the managerial ownership and the Market value of the company in the level of 21% to 40% is positive and meaningful at the level 95%.

Table (17.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.541[a]	.293	.284	.51881

a. Predictors: (Constant), FS1, CS1, MAOW1, CR31, ROA1

Table (17.2) ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.961	5	8.992	33.408	.000[a]
	Residual	108.741	404	.269		
	Total	153.703	409			

a. Predictors: (Constant), FS, CS, MAOW, CR3, ROA

b. Dependent Variable: TQ

Table (17.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.447	.277		1.613	.107
	CS	.368	.132	.132	2.787	.036
	MAOW	.570	.594	.041	.960	.338
	ROA	2.948	.255	.553	11.580	.000
	CR3	.419	.117	.154	3.584	.000
	FS	-.025	.045	-.024	-.560	.576

a. Dependent Variable: TQ

Table (18.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.485[a]	.235	.137	.42515

a. Predictors: (Constant), FS, ROA, MAOW, CR3, CS

Table (18.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.164	5	.433	2.394	.035[a]
	Residual	7.049	39	.181		
	Total	9.213	44			

a. Predictors: (Constant), FS, ROA, MAOW, CR3, CS

b. Dependent Variable: TQ

Table (18.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.730	.973		3.834	.000
	CS	1.392	.463	.556	3.005	.055
	MAOW	2.773	1.222	.396	2.270	.029
	ROA	.158	.278	.087	.569	.573
	CR3	-.481	.530	-.152	-.908	.370
	FS	-.082	.115	-.110	-.716	.478

a. Dependent Variable: TQ

Range of 41% to 60%: Tables 19.1 to 19.3, according to the results of that the F-statistical is 33.789 and its significance is 0.000, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain Market value of the company of 54.7% related to companies under examination. As well as the relationship between the capital structure and the Market value of the company in the level of 41% to 60% is positive and meaningful at the level 95%. and the relationship between the managerial ownership and the Market value of the company in the level of 41% to 60% is positive and meaningful at the level 95%.

Range of 61% to 80%: Tables 20.1 to 20.3, according to the results of that the F-statistical is 23.523 and its significance is 0.000, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain Market value of the company of 76.3% related to companies under examination. As well as the relationship between the capital structure and the Market value of the company in the level of 61% to 80% is positive and meaningful at the level 95% and the relationship between the managerial ownership and the Market value of the company in the level of 61% to 80% is positive and meaningful at the level 95%.

Range of 81% to 100%: Tables 21.1 to 21.3, according to the results of that the F-statistical is 5.356 and its significance is 0.002, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain Market value of the company of 42.9% related to companies under examination. As well as the relationship between the capital structure and the Market value of the company in the level of 81% to 100% is positive and meaningful at the level 95% and the relationship between the managerial ownership and the Market value of the company in the level of 81% to 100% is positive and meaningful at the level 95%.

Range of 0 to 100%: Tables 22.1 to 22.3, according to the results of that the F-statistical is 17.767 and its significance is 0.000, it shows the general adequacy of the regression model in research.

The R^2 shows that the independent and controlled variables could explain Market value of the company of 11.3% related to companies under examination. As well as the relationship between the capital structure and the

Table (19.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.751[a]	.563	.547	.11487

a. Predictors: (Constant), FS, CR3, CS, ROA, MAOW

Table (19.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.229	5	.446	33.789	.000[a]
	Residual	1.729	131	.013		
	Total	3.958	136			

a. Predictors: (Constant), FS, CR3, CS, ROA, MAOW

b. Dependent Variable: TQ

Table (19.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.033	.138		.239	.512
	CS	.133	.053	.179	2.522	.023
	MAOW	2.227	.250	.659	6.904	.030
	ROA	.017	.050	.020	.340	.734
	CR3	-.103	.060	-.104	-1.719	.088
	FS	-.022	.018	-.070	-1.200	.232

a. Dependent Variable: TQ

Table (20.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893[a]	.797	.763	.12322

a. Predictors: (Constant), FS, ROA, CS, CR3, MAOW

Table (20.2): ANOVAb

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	Regression	1.786	5	.357	23.523	.000[a]
	Residual	.455	30	.015		
	Total	2.241	35			

a. Predictors: (Constant), FS, ROA, CS, CR3, MAOW

b. Dependent Variable: TQ

Table (20.3) Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1.157	.553		-2.094	.045
	CS	.304	.148	.333	2.048	.049
	MAOW	2.643	.644	.659	4.106	.030
	ROA	-.015	.042	-.030	-.353	.727
	CR3	.354	.437	.087	.810	.424
	FS	-.029	.037	-.082	-.776	.444

a. Dependent Variable: TQ

Table (21.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.726[a]	.527	.429	.10867

a. Predictors: (Constant), FS, MAOW, ROA, CR3, CS

Table (21.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.316	5	.063	5.356	.002[a]
	Residual	.283	24	.012		
	Total	.600	29			

a. Predictors: (Constant), FS, MAOW, ROA, CR3, CS

b. Dependent Variable: TQ

Table (21.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.619	.479		1.292	.209
4	CS	.660	.174	.668	3.782	.021
	MAOW	.438	.431	.543	4.019	.045
	ROA	.076	.241	.049	.315	.755
	CR3	.268	.372	.110	.720	.478
	FS	-.049	.034	-.209	-1.426	.167

a. Dependent Variable: TQ

Table (22.1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.346[a]	.120	.113	.49076

a. Predictors: (Constant), FS, MOAW, ROA, CS, CR3

Table (22.2): ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.396	5	4.279	17.767	.000[a]
	Residual	157.029	652	.241		
	Total	178.424	657			

a. Predictors: (Constant), FS, MOAW, ROA, CS, CR3

b. Dependent Variable: TQ

Table (22.3): Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.847	.198		4.272	.000
	CS	.422	.087	.129	4.247	.043
	MOAW	.490	.077	.242	6.326	.021
	ROA	.656	.103	.237	6.348	.000
	CR3	.421	.095	.169	4.421	.000
	FS	.008	.033	.008	.227	.820

a. Dependent Variable: TQ

Market value of the company in the level of 0 to 100% is positive and meaningful at the level 95% and the relationship between the managerial ownership and the Market value of the company in the level of 0% to 100% is positive and meaningful at the level 95%.

CONCLUSION

The present research examined The relationship between managerial ownership, capital structure and market value of the company on the basis of a sample including 658 year-firm among from those ones adopted in Tehran stock exchange during 2007-2011.

The studied companies are selected among from 8 industries. In the research we used variables including the managerial ownership(MAOW), as an original criterion, capital structure (CS) and Market value of the company (TQ) as independent variables, also we used index named Asset efficiency ratio (ROA), 3 superior stockholders (CR3) and Firm size (FS) as controlling variable.

The results obtained from the first hypothesis indicated that the managerial ownership was positively related to the capital structure, but it should be noted that such relationship varies in different levels of managerial ownership; it is not meaningful for 0-20% interval, meaningful and negative for 21-40% and is positive and meaningful for 41-100%.This means that the more the number of stock companies' managerial, the more its debt rate and the result of this hypothesis in in consistent with those obtained by such scholars as Berger [15], Hasan [7] and Cespedes [9] and is in disagreement with Huang's [8].

Also the results obtained from hypothesis 2 indicates that there is a positive and meaningful relationship between capital structure and market value of company for all levels of managerial ownership thus resulting in this conclusion that the increase in managerial ownership would increase the value of the company market through the capital structure or creating liabilities. The results of this study are in agreement with those obtained by scholars such as Namazi [6], San [13] and Aburub [10] and are in disagreement with Rajan' [12] and Zeitun' [14].

Furthermore the overall conclusion is that the increase in managerial ownership increases the market value of the company which is in agreement with findings obtained by Chaganti and Damanpour [16], Grier and Zychowicz (1994), Bathala (1994) and Dalton [6].

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