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Comparative Comparison of Uniaxial *Models in the Food and Drug industries*

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Abstract: The purpose of this study is survey the uniaxial model between risk environment, company strategy and capital structure on corporate performance in the pharmaceutical and food industries in the stock market in Iran. The model of the relationship between environment risk, corporate strategy and capital structure on corporate performance is evaluated variables mentioned study ranged from 80 to 87 were calculated in drug industry research results showed that the axial model Including environmental risk, strategy and capital structure are the Company, each way on the performance of pharmaceutical and food industries affect. Results of a high variance in the performance of drug companies and food industries shows that the uniaxial model between risk environment, company strategy and capital structure is described. In other words the use of these models has a positive effect on firm performance of pharmaceutical and food industries are. The results also showed a significant difference between the performances of these two industries there.

Key words: The uniaxial model · Environmental risks · Corporate Strategy · Capital Structure · Pharmaceutical and Food Industries.

INTRODUCTION

Companies must strengths and weaknesses, opportunities and threats in order to be aware of opportunities should exploit. The purpose of creating the ability to fit the rapidly changing environment makes. And competition is very intense.

Concepts in financial management and strategic role in the company environment and conditions of the Company will effect the necessary analysis of the implications of foreign media companies to determine strategic opportunities and threats are emphasized. External environmental analysis process revolves around determining forces on the external macro environment to study its effects on the working environment and industrial environment is the company that is effective in all this process to determine opportunities and threats, the companies exposed to the changing external environment that the strategy itself for these changes lead to this process, both axial and choose between external environment company strategy say.

Strategy researchers to investigate environmental effects on company strategy and process that is influenced by the concepts of environment, pay. These people define strategy as a function of the change in pay strategy chosen in the form of participation in external environment on the coaxial Dhdmdl by Tsy and Alsn [1-3], discuss the relationship between four Sakhtarmhm ie environment, strategy selection, capital structure and to express performance.

This model would also participate in managing their optimal Svsazy Modifier forces in the environment implies that they exist because there is competition, it also implied that the manager hand over competitive methods, the highest financial value for the company to offer they are investing. Therefore, should the business structure to create a permanent resource to the competitive approach that over time the highest value for the company to acquire appropriate. Able to participate in the opportunities that lies-altering forces to identify.

The competitive methods that use these opportunities, investment and resources are what most will create value are allocated, the financial results of shareholders and investors will be better and better. The core principle of the relationship say. [4]

Search to identify which of the factors and risks related to capital structure and strategy environment companies are better able to explain the company performance according to previous studies in this research, both book value and adjusted values based on market value for assessment Variables are used.

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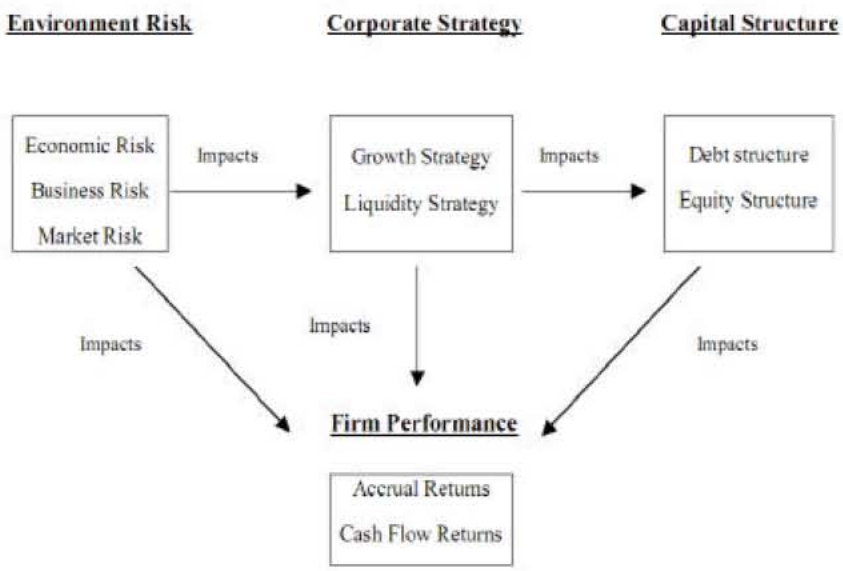

Fig. 1: Structure of the coaxial model

Variables in this study described how their relationship pay include:

1 - Company Environmental Risks -2 - Company Strategy -3 - -4 capital structure - the relationship between company performance variables in Figure (1) has.

The study of risk variables and environmental variables as independent variables and the company strategy and capital structure under corporate performance have been identified as the dependent variable. However, the company strategy and capital structure in order for the company performance as well as the independent variables is considered.

Environmental Risks: Environmental Risk Structure of three dimensions identified in this study, the economic risks, market risks are business risks. The dimensions of risk, uncertainty structure of the environment in general finance and strategic management research is used to express.

Economic Risk: Economic risk as the covariance sales growth and overall GDP growth countries are defined. This definition of risk to the expression of uncertainty in the macroeconomic help on the industry and affect sales.

The variable slope function computation in the form of GDP growth rates that are related to the Iranian economy is operating as an independent variable is introduced and the rate of sales growth as the dependent variable is introduced.

Sales Growth =a+b GDP GR b=ECONBETA

Business Risk: Inherent risks associated with the nature of business of each company and the competitive strategy of the company runs, is.

This kind of volatility risk with operating cash flows are dealing. Such fluctuations can result from such sources is outside the organization. This variable slope computation function that cash flow from operations companies listed in the top 50 companies in 87 years as an independent variable cash flow from operations during the company desired 80-87 years as the dependent variable is operational.

Market Risk: Market prices of securities based on variable interest rate changes and fluctuations in their prices causes the market risk of these securities are other Shvdbbart such risk, interest rate volatility is the market (Raei, 1385,63)

The variable slope function computation per share market rates that last top 50 companies 87 years as an independent variable market rate companies reviewed per share as the dependent variable is operational.

Each share of the top companies, market rate b + a = market rate companies reviewed.

Company Strategy

Sales Growth: After the first strategy the company has sales growth. This growth during 1380-1387 was assessed

from the average sales during these years are to gain access to a single criterion. Average sales growth helps to recognize the volatility of growth and they understood.

$$\text{sales growth} = \frac{\text{sale this year-sales last year}}{\text{sales last year}} \times 100$$

Sales Last Year

Asset Growth: Growth strategy after the company's second property by the average market value of company assets are operational. Average market value of assets through re-growth of fluctuations will be determined by company assets.

(Law book value - market value of equity) + Book value Market value assets = assets (Price × Number of Shares) = market value equity

Growth Potential: The potential for future growth after the company's third strategy is the company average value of assets divided by book value of assets of the company is operational. This ratio shows how well the company manages its investments.

$$\text{Potential growth} = \frac{\text{The average market value of total assets}}{\text{Book value of assets}}$$

Liquidity: The criteria to help short-term investments and operating companies drawn criticism. The result on total company assets are divided. Then figure the average for the years 1380 to 1387 are to achieve their criteria.

Capital Structure

Debt Ratio: The ratio of total debt to the company's gain. The book value of its assets into companies drawn from the debt ratio for the years 1380 to 1384 average and are compared to benchmark unit to achieve debt.

$$\text{Debt} = \frac{\text{Total debt}}{\text{Total assets}} \times 100$$

Operation: In the present study both criteria to measure corporate performance we use the following

Equity returns S•hamayn variable performance criterion provides that the ratio of equity returns by dividing the total net assets of the company they are calculated, then they are mean and the criteria for equity returns get.

$$\text{Profit after-tax equity return} = \text{Total assets}$$

Floating Cash Flow per Share: This variable represents current liquidity of the company and obtained through the following relationship:

$$\text{Floating cash flow per share} = \frac{\text{Cash flow}}{\text{Total shares}}$$

Change in net working capital - net capital expenditures - funds flow = Operating cash flow Taxes - Depreciation + Profit Before Interest and Taxes = Operating funds flow + Net Fixed Assets Depreciation First period - end of period net asset = net capital spending Working capital the first period - the end of working capital = change in net working capital Total current liabilities - Total assets = Current net working capital

Market Size: The variable with average market value of the assets determined to be operating companies and then calculated the natural logarithm are. The outcome as a benchmark control analysis is used.

Research Background: Sue (2010), concluded that managers should instead develop liquidity on their efforts to improve management. Additional emphasis on shareholders and capital structure have, because the overall yield on the capital structure of companies is. Another result of this research is that the relationship between liquidity and sales growth does not exist [5] showed a greater wealth for shareholders perfect combination of debt and capital is needed in which the cost of capital is a negative factor as much as possible and should be minimized. In addition it was found that the company's capital structure can change its value to increase the market ..

[6], since the result is both external and internal environment on the company's strategy affects performance, so the company also affects. Alignment between organizational capabilities, strategy, environment, leading to firm performance is improving

[7], research entitled "Effect of environmental risks, the company strategy and capital structure on corporate performance in the restaurant industry in America"did. R specifies the size and stability of variables used in the context of previous research interpretations and territories in the management of financial risks associated with the corporate environment, corporate strategy and capital

structure and performance of the company. The relationship between structures and dimensions there to understand dependency between them using the alternatives tested shows.

[8] The relationship between company resources, strategies and practices in 192 small companies may examine. Adlman using structural equation analysis of the company's strategy of mediating role examined Scientific findings show that resources nor strategies alone do not justify corporate performance but also the role of corporate strategies in accordance with their characteristics are associated resources .. He states that neither resources nor strategies alone yield None companies do not explain. but in fact their strategies of small enterprises according to their sources are appropriate.

[9], the research model as a uniaxial pattern in intelligence examined. Research in the strategic alignment between business and information technology investigated and said the uniaxial Nshandadkh This can be a positive trade effects [10], within the uniaxial model of the tourism industry in assessing audit examined. The results showed that the process worked in Tanzania in this regard is now on track and not just the thrust that may require some resources to increase efficiency in the implementation of tourism satellite accounting is assigned.

Research Method: The aim of the study and application of descriptive methods after event (using past data) is. Investigation period from 1380 to 1387 has been. Statistical Society All Active Pharmaceutical companies and food which have respectively 22 and 20 are totally include company.

- Hypothesis is to check the test averages of two community use. One of the conditions that must mean the test is to establish normal distribution is the relevant community. For this test Nrmalyty Kolmogorov - Smirnov was used. Meanwhile, those who were normal from Whitney was used.

Hypothesis Test: This hypothesis of equal performance in pharmaceutical industries and the food industry, using real data based on actual performance of stock companies has been compiled we tested.

Environmental Risk assumption of equality in pharmaceutical and food industries:

H_0 : "Environmental risks in the pharmaceutical and food industries are the same."

H_1 "risk environment, pharmaceutical and food industries are not alike."

Considering the Sig. (2-tailed) in the table above that 97 / 0 is (more than 05 / 0 is) you can say ¬ H0 is the equality of economic risks in food and pharmaceutical industries rejected at 5 percent ¬ not be significantly different and therefore you ¬ between economic risks in the food industry and medicine there. However, the conclusion of the confidence interval obtained in the 95 percent level is achievable is ¬. Since the upper and lower limit of confidence interval are marked with the opposite - that they can conclude that ¬ is ¬ H0 is not rejected.

Considering the Sig. (2-tailed) in the table above that the 066 / 0 is (more than 05 / 0 is) you can say ¬ Whitney test is based on the equality of H0 market risk in the food industry and pharmaceutical industries Not rejected at 5 percent ¬ and that means the difference between you mean ¬ risks in the food industry and pharmaceutical market there.

Hypothesis of equality strategies in pharmaceutical and food industries:

H_0 : "Strategy in pharmaceutical and food industries are the same."

H_1 : "Strategy in pharmaceutical and food industries are not alike."

Considering the Sig. (2-tailed) in the table above that 36 / 0 is (more than 05 / 0 is) you can say H0 is the risk of equity trading in food and pharmaceutical industries rejected at 5 p ercent Is not and thus significantly different between the risk you trade in food and medicine there. As was said because the market risk variable is a normal distribution Mann-W Equality test average market riskhitney test should instead be used t test.

Considering the Sig. (2-tailed) in the table above that the 066 / 0 is (more than 05 / 0 is) you can say Whitney test is based on the equality of H0 market risk in the food industry and pharmaceutical industries Not rejected at 5 percent and that means the difference between you mean risks in the food industry and pharmaceutical market there.

Hypothesis of equality strategies in pharmaceutical and food industries:

Table 1: Descriptive statistics of economic risk

Econbeta		N	Mean	Std. Deviation	Std. Error Mean
Drug industries	1	22	.171	.283	.060
Food industries	2	20	.168	.338	.075

Table 2: Equality test average economic risk pharmaceutical and food industries

		Levene's Test for Equality of Variances	t-test for Equality of Means			
					95% Confidence Interval of the Difference	
		Sig.	Sig. (2-tailed)	Mean Difference	Lower	Upper
Econbeta	Equal variances assumed	.403	.970	.003614	-.190208	.197436
	Equal variances not assumed		.970	.003614	-.192326	.199553

Table 3: Descriptive statistics on business risks

Opcashbeta		Mean	Std. Deviation	Std. Error Mean
Drug Industries	1	.013	.310	.066
Food Industries	2	-.082	.366	.082

Table 4: Equality test average business risk in pharmaceutical and food industries

		Levene's Test for Equality of Variances	t-test for Equality of Means			
					95% Confidence Interval of the Difference	
		Sig.	Sig. (2-tailed)	Mean Difference	Lower	Upper
Opcashbeta	Equal variances assumed	.194	.366	.095	-.115	.306
	Equal variances not assumed		.370	.095	-.117	.308

Table 5: Equality test average market risk

	MBETA
Mann-Whitney U	147
Wilcoxon W	400
Z	-1.84
Asymp. Sig. (2-tailed)	.066

Table 6: Descriptive statistics on sales growth

Salesgr		Mean	Std. Deviation	Std. Error Mean
Drug industries	1	24.8491	10.03840	2.14019
Food industries	2	12.1669	17.30257	4.62431

H0 : "Strategy in pharmaceutical and food industries are the same."

H1 : "Strategy in pharmaceutical and food industries are not alike."

Considering the Sig. (2-tailed) in the table above that the 009 / 0 was (less than 05 / 0 is) are H0 assume that equality can be said sales growth in food and pharmaceutical industries rejected at 5 percent can be significantly different, which means you between growth and pharmaceutical sales in the food industry.

According to Mann Whitney test and the value of Sig in the table above (less than 05 / 0 is) can be concluded that the level is 5 percent average growth potential in the pharmaceutical and food industries will be rejected. Now Whitney test for asset growth variables do.

Table 7: Equality test average sales growth in the pharmaceutical and food industries

		Levene's Test for Equality of Variances	t-test for Equality of Means			
					95% Confidence Interval of the Difference	
		Sig.	Sig. (2-tailed)	Mean Difference	Lower	Upper
Salesgr	Equal variances assumed	.140	.009	12.68226	3.44633	21.91818
	Equal variances not assumed		.022	12.68226	2.00304	23.36148

Table 8: Equality test average growth potential

	Grpoten
Mann-Whitney U	44.000
Wilcoxon W	254.000
Z	-4.432
Asymp. Sig. (2-tailed)	.000

Table 9: Average asset growth test

	Assetgr
Mann-Whitney U	145.000
Wilcoxon W	355.000
Z	-1.889
Asymp. Sig. (2-tailed)	.059

Table 10: Variable descriptive statistics of liquidity in the pharmaceutical and food industries

Liqrat		Mean	Std. Deviation	Std. Error Mean
Pharmaceutical Industry	1	.04951	.030383	.006478
Food industrie	2	.07886	.032075	.008572

Table 11: Mean equality test of liquidity in the Food and Drug Industries

	Levene's Test for Equality of Variances	t-test for Equality of Means				
					95% Confidence Interval of the Difference	
	Sig.	Sig. (2-tailed)	Mean Difference	Lower	Upper	
Equal variances assumed	.511	.009	-.029349	-.050916	-.007782	
Equal variances not assumed		.011	-.029349	-.051407	-.007291	

Table 12: Average debt equity test

	Debtrat
Mann-Whitney U	129.000
Wilcoxon W	382.000
Z	-2.292
Asymp. Sig. (2-tailed)	.022

Table 13 :Funds flow per share equal test

	Fcfpershare
Mann-Whitney U	145.000
Wilcoxon W	355.000
Z	-1.889
Asymp. Sig. (2-tailed)	.059

Because the Sig value equal to 059 / 0 and more than 05 / 0 is can say is average asset growth in pharmaceutical and food industries are approved.

Considering the Sig. (2-tailed) in the table above that the 009 / 0 was (less than 05 / 0 is) can be said is H0 of equality of liquidity in the food and pharmaceutical industries are rejected at 5 percent and that means you have significantly different between liquidity pharmaceutical and food industries there.

Equity capital structure theory in the pharmaceutical and food industries:

H0 : "Capital structure in pharmaceutical and food industries are the same."
H1 : "Capital structure in pharmaceutical and food industries are not alike."

Now Whitney test to compare the pharmaceutical and food industries in debt use. The test results in the table below.

According to Sig value in the table above, less than 05 / 0 has been set concluded that average debt is in the food and pharmaceutical industries will be rejected. This means that between debt pharmaceutical industries and food industries there are significant differences.

Hypothesis of equality in the performance of food and pharmaceutical industries:

H0 : "performance in pharmaceutical and food industries are the same."
H1 : "performance in pharmaceutical and food industries are not alike."

Because the Sig value in the table equal to 059 / 0 and the amount of 05 / 0 more can be said between funds flow per share in the pharmaceutical and food industries, there is no significant difference.

CONCLUSION

When we work on the performance of individual variables, we calculate the impact is higher than when we put them in the model and we investigated. According to the findings we concluded that environmental risks affect the strategy and when considering the impact of our capital structure to select the company on this structure affects our performance. In fact, we confirmed the hypothesis that reaches the core model variables that certainly environmental risks, the company strategy and capital structure are some deviations in the corporate performance show. And this deviation has a positive effect on firm performance. The results show that liquidity strategy on equity rate of return in the pharmaceutical industry and has the effect of food. Research conducted by [11] also are consistent with this. So that companies that pursue a strategy of high liquidity are positive effect on free cash flow per share will be and also between strategy and liquidity of equity returns There are negative. Average sales growth in the pharmaceutical industry more than sales growth in the food industry is so significant difference between the cash you have in pharmaceutical and food industries are Generally, the core model can also yield a positive effect on the pharmaceutical and food companies have. [12] the results of a high variance in the performance of the company shows that the uniaxial model between risk environment, company strategy and capital structure is described. Overall the results table can be said of two significant differences between the performance of pharmaceutical and food industries there. And each of these industries to have nearly the same strategic management

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