The assessment of Relationship the Institutional Ownership on Aggregate Operating Accruals and Aggregate Non-operating Accruals Listed Companies in Tehran Stock Exchange

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ABSTRACT

The institutional ownership has been as one of the main and important element of capital mark during the recent decades. As the institution has done the large volume of the capital, this study assess the assessment of relationship the institutional ownership on Operating accruals and Non-operating accruals listed companies in Tehran Stock Exchange. The hypotheses of this study are according to Basso's conservatism theory (1997) and Lara and his colleagues model (2007). By using data of financial bills and the stock prices of 46 companies in Tehran Stock Exchange during 1390 to 1391 and by using the analysis way and line regression of some variables, the results show that the ownership of the companies has no meaningful effected on the Operating accruals and Non-operating accruals.

KEYWORD

Institutional ownership, the Aggregate Operating accruals, the Aggregate Non-operating accruals

INTRODUCTION

The financial reports and accounting system has the vital role in capital market with consider the data economy aspects. The main purpose of financial reports is providing the information for capitalists. The capitalists and users can estimate the future acts of the company by using the accounting information. One of the main and essential subjects is the ownership structure for determining the company’s values. The ownership structure means the evaluation criteria for focus ownership which means the public ownership which is determined as the stock ownership magnitude.

The stock structures are different in several companies. Some ownership of the companies is for minor stock holders and legal contract. Persons of this group is for supervising the managers' operations and acts that rely on the public information of the financial bills while some other ownership of the companies are for professional stock holders are joined the international information with future views and the long time commercial of capital ways of the company by the direct relation with company management unlike the first stock holders group.

The main stock holder is the person of institution that sells or buys the vast amount of stock Exchange As government and private banks, retirement account, insurance companies and social security organization and investing companies and the institution which invest on public investment stock companies so, the principle investors are the largest group stock holders of public stock companies.

These stock holders have the potential power to effect on the manager's activities directly by their ownership and by their stock exchange indirectly. Therefore the direct and indirect effect of the principle stock holders is very important. The understanding the relationship between institutional ownership on Aggregate Operating accruals and Aggregate Non-operating accruals is very important. So, it is necessary to analyze the relationship between these elements and institutional ownership.

RESEARCH HISTORY

Rahmani and Rezapoorn (1389) has been research with title: “Analysis the relation between institutional ownership and cash stock principle ownership.” In this study, two variables which are level variable and ownership focus have been used for institutional ownership variable. Therefore, two theory information efficiency or deal efficiency have been confirmed [1]. The relation between conservation and company management regards to the directing manager’s members has been shown that the number percent of
exterior managers of directing manager’s member has the positive relation with conservatism and also the number percent of interior managers has the negative relation with conservatism [2,3]. Lara and his colleagues (2007) shows the relation between a conditional accounting conservatism and the invest cost of the exam, the results of this research shows the negative relation between conditional conservation and stock costs. Finally the results of this study have confirmed that the conservation causes to decrease the information parallelism and to decrease the company invest too. IN this research, it is shown that as the conservatism in lower, the investors expect to have more invested return [4]. Jacbi and Zheng (2010) analyze the dispersing ownership relation (percent & block stock in stock holders) and stock cash being by 3576 American companies (1071 companies & NYSE 323 companies & AMEX and 2182 companies & NASDA Co). The results show that the dispersing & more ownerships cause to improve the stock cashing [5,6]. Kothari and Laux (1995) found the positive relation between institutional ownership and the gap between the purchasing and selling price in October 1989, 1988 & 1992. They result that the transaction & the institutions have been done by information advantage [7]. Wang found that there is the positive and meaningful relation between institutional ownership and conservatism (2007). According to his results , the companies which have lower institutional ownership, have Less requests for conservatism accounting. Also, they found that of the role of director manage and the boss & general managers has not been separated, there are more tendency for conservation [8]. Ajinka, Bejraj and Sangopta (2005) show that whatever the percentage institutional ownership of the company gets more, the conservation for estimating the profit and invest will be increased. Also, according to their results, whatever the percentage general manager are more. this estimation of conservation will be more [9].

**RESEARCH METHODOLOGY**

The hypothesis of this study are base on the Bass’ (1997) theory of conservation and Lara and his colleagues model the statics society of this study is all the accepted companies in Tehran stock Exchange from 1390 to 1391 that the samples of this study been selected firstly they have been accepted in exchange from 1386, secondly, they must not be from investor companies, thirdly, their financial year in the end & Esfand month. Also, the investment companies and the financial brokers are been deleted and omitte from the sample regarding to these limitations 46 companies have been selected as the statistical sample.

The line regression Model with some variables has been used for hypothesis examination and the data has been collected by the information of sample companies financial bills and Rah Award Nowin software. After calculating by excel software for analyzing the research data, SPSS30 statistical software has been used.

**RESEARCH HYPOTHESIS**

First hypothesis: There is the positive and meaningful relation between the institutional ownership and the Aggregate Operating accruals.

Second hypothesis: There is the positive and meaningful relation between the institutional ownership and the Aggregate Non-operating accruals.

**THE VARIABLES OF THE RESEARCH**

Regarding above subjects, the Aggregate Operating accruals, the Aggregate Non-operating accruals are used by two reasons: firstly, the accounting is the commitment for performing conservatism acts and secondly, the managers' will in uncertain situation cause to produce conservatism acts. Using from this criteria is based on this hypothesis that the uncertain level relates to the items which are not the usual operations of the company (Non-operating accruals) is more than the uncertain level of the items which are the usual activities of the company. The Operating accruals (Current invests) and Non-operating accruals are calculated as below according to Givoly and Hayn model (2000):

\[
\begin{align*}
\text{ACC}_t &= \text{NI}_t + \Delta \text{PE}_t - \text{CFO}_t \\
\text{OACC}_t &= \Delta \text{AR}_t + \Delta \text{I}_t + \Delta \text{PE}_t - \Delta \text{AP}_t - \Delta \text{TP}_t \\
\text{NOACC}_t &= \text{ACC}_t - \text{OACC}_t \\
\end{align*}
\]

Which their variables consist on:

- ACC: the sum of commitment items \(\text{NI}_t\): the net income before the unexpected items, \(\text{DEP}\): the conservatism costs and price, \(\text{CFO}\): operational cash follow,
- \(\Delta \text{AR}\): change in received account, \(\text{OACC}\): Operating accruals, \(\Delta \text{I}\): change in conservatism, \(\Delta \text{pty}\): change in tax payments.
- \(\text{NOACC}\): Non-operating accruals while the Operating accruals items are resulted from, the used activities of the company, the Non-operating accruals are the transformed incomes which relate to the future period and the cost which are resulted the estimation change, the loss and profit of the possession selling and the loss of the stable possession value. The lower value (negative) of Non-operating accruals shows the upper level of conservatism.

**THE EXAMINATION OF RESEARCH HYPOTHESIS AND FINDING**

Analysis normal hypothesis of variables: As the normality of the variables cause the normality of the model rests, before processing the model, its normality must be controlled. For examining this hypothesis, Test Kolmogorov – Smirnov examination has been used. In this examination, whenever the meaningful level is lower than 5%, then the zero hypothesis of 95% level of the certainly has been rejected.
According to represented amount (number) of Tab 1, as the meaning for level amounts of, operational commitment items and non-operational commitment items are more than 5% in every model (sig > 0.05), so the zero hypothesis which means the normality of the variable is rejected.

First hypothesis: There is the positive and meaningful relation between the institutional ownership and the Aggregate Operating accruals.

\[ \text{OACC}_{i,t} = \beta_0 + \beta_1 \text{OWNER}_{i,t} + \beta_2 \text{SIZE}_{i,t} + \beta_3 \text{CAPIN}_{i,t} + \beta_4 \text{ETR}_{i,t} + \beta_5 \text{GROWTH}_{i,t} + \beta_6 \text{LEVERAGE}_{i,t} + \beta_7 \text{ROA}_{i,t} \]

\text{OWNER}_{i,t} \text{ is the kind of ownership of I company during t year from point of view principle or not principle. Number I is given to the companies which have the institutional ownership (more than 50% stocks of a company).}

\text{SIZE}_{i,t} \text{ The size of I company during t year which equal to natural logarithm of company possessions.}

\text{CAPIN}_{i,t} \text{ the amount of capitalist in I company for t year, which is gained of the division of net possession to written value of all possession of the find period.}

\text{ETR}_{i,t} \text{ Effective Tax Rate of I company for t year which is gained from division of tax cost on operational profit.}

\text{GROWTH}_{i,t} \text{ growth of I company for t year which is gained of the possession changes at the end of period relate to the start of the period.}

\text{LEVERAGE}: \text{ the financial leverage of I company for t year which is gained on division of the debits collections on possession collections.}

\text{ROA}_{i,t} \text{ The output rate of asset for t year which is gained from division of the net profit on the assent of the end period.}

The Tab 2 shows the variance analysis between the institutional ownership and Aggregate Operating accruals. according to this output, the meaningful all regression model has been confirmed regarding sig is lower than 0.05% , the line hypothesis two variables has been confirmed and in other words , the regression model is correct , also , the meaningful level of institutional ownership variable is 0.138 that is more than 0.05 meaningful level . So zero hypotheses cannot be rejected. In other words, there is not meaningful relation between institutional ownership and Aggregate Operating accruals. But among the control variables of the research, only the effective tax rate does not have the meaningful relation with Aggregate Operating accruals. So the first hypothesis of the study has been rejected. Durbin – Watson’s statistics amount is 1.935 and this number shows that the errors are independent and there is no correlation between the errors and the correlation hypothesis between the errors has been rejected and the regression could be used. The second regression hypothesis of the research is as below:

\[ \text{OACC} = -1.252 + 0.014 \text{OWNER}_{i,t} + 0.831 \text{SIZE} + 0.334 \text{CAPIN} - 1.023 \text{CAPIN} + 0.537 \text{LEV} + 0.494 \text{ROA} \]

Second hypothesis: There is the positive and meaningful relation between the institutional ownership and the Aggregate Non-operating accruals.

\[ \text{NOACC}_{i,t} = \beta_0 + \beta_1 \text{OWNER}_{i,t} + \beta_2 \text{SIZE}_{i,t} + \beta_3 \text{CAPIN}_{i,t} + \beta_4 \text{ETR}_{i,t} + \beta_5 \text{GROWTH}_{i,t} + \beta_6 \text{LEVERAGE}_{i,t} + \beta_7 \text{ROA}_{i,t} \]

Tab.3. the regression analysis results between the Aggregate Non-operating accruals and institutional ownership.

<table>
<thead>
<tr>
<th>Model</th>
<th>coefficient</th>
<th>T-statistics</th>
<th>Meaningful level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable coefficient</td>
<td>-1.234</td>
<td>-2.971</td>
<td>0.00</td>
</tr>
<tr>
<td>institutional ownership</td>
<td>0.124</td>
<td>0.841</td>
<td>0.246</td>
</tr>
<tr>
<td>Company size</td>
<td>0.824</td>
<td>17.153</td>
<td>0.00</td>
</tr>
<tr>
<td>Investment intensity</td>
<td>-0.514</td>
<td>-1.243</td>
<td>0.021</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>-0.023</td>
<td>0.014</td>
<td>0.549</td>
</tr>
<tr>
<td>Company growth</td>
<td>0.138</td>
<td>2.189</td>
<td>0.002</td>
</tr>
</tbody>
</table>
commitment items
no relation between financial leverage and operational operating accruals, there is no meaningful relation. There is rate and operational commitment items and Aggregate Non show that among the control variables between effective tax relation with institutional ownership and also, their re partake in Tehran stock Exchange during 1390 to 1391 variables with the variables of the companies whi and collecting all research hypotheses, analysis the relation in total conclusion the Aggregate Non has been done and analyzed.

The Tab3 shows the variance analysis between the institutional ownership variance and the Aggregate Non-operating accruals. According to this output, the meaningful of all regression models has been confirmed. Regarding sig is lower than 0.05, the line relation hypothesis between two variables has been confirmed. In other words, the regression model is correct. Also the meaningful level of an independent variable of institutional ownership is 0.246, which is more than 0.05 meaningful levels, so zero hypotheses could not be rejected. In other words there is not meaningful relation between institutional ownership and the Aggregate Non-operating accruals.

Only the effective tax rate and financial leverage does not have positive and meaningful relation with the Aggregate Non-operating accruals in controlled variables of this study and other controlled variables has the meaningful relation with non – operational commitment items. According to chart (4-12) , Durbin – Watson statistics is 1.824 and this number shows that errors are independent and there is no correlation between errors themselves and the correlation between errors has been rejected and the regression can be used. The regression equation of third hypothesis of this study is as below:

\[
NOACC = -1.234 + 0.124\text{OWNER} + 0.824\text{SIZE} - 0.138\text{CAPIN} - 0.514\text{CAPINT} - 0.0876\text{LEV} + 0.794\text{ROA}
\]

Also there is meaningful relation between control variables and Aggregate Non-operating accruals and Aggregate Operating accruals.

REFERENCES


