

Investigate of the Relationship Independent Directors, Ownership Concentration, Institutional Ownership, Auditor Type and Free Floating Shares with Firm Value in Tehran Stock Exchange

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ABSTRACT

the present study seeks to examine the Relationship independent directors, ownership concentration, institutional ownership, auditor type and free floating shares with firm value in companies listed at Tehran Stock Exchange. Independent variables used in this study are consisted of the comprises independent directors, ownership concentration, institutional ownership, auditor type and free floating shares. Corporate value is our dependent variable measured by Tobin-Q index. Also, control variables such as firm size, leverage, and growth opportunity are used. The study is an applied research with correlative, post-event methodology. Population of the study includes 200 companies listed at Tehran Stock Exchange during 2006 to 2014 using screening method. Normal least squares regression model is used for testing hypotheses. The research results show that in Throughout the entire Companies, Concentration of ownership and institutional ownership Positive and significant correlations and Free floating shares Negative and significant correlations have with firm value and independent directors and auditor type No correlation with the with firm value.

Key words: independent directors, ownership concentration, institutional ownership, auditor type , free floating shares , firm value

1. Introduction

Emergence of big enterprises, followed by the matter of separating ownership from management with all its pleasant and unpleasant consequences, was a great source of concern in late 19th and early 20th centuries. However, corporate governance in its present form first appeared in 1990s in Britain, the U.S and Canada as a response to problems arising from efficiency of board of directors in big companies. Financial crisis in the recent years made prominent the issue of establishing corporate governance in these, and some other, countries [Jensen and et al (1976)]. Yeganeh and Kheirollahi (2008) found that Corporate governance compels a sort of constraint on major shareholders and facilitates access of minor shareholders, while establishing managerial control. It also leads to greater transparency in information disclosure and more advantageous observation of equity. The concept of transparency is hard to measure, yet is measured by accurate information received and their quality. Corporate governance decreases risks of financial crisis. This gains importance when such risks cause high expenses. It also decreases costs of investment and, consequently, increases corporate value. On the one hand, corporate value is a function of profitability of investments in the company. Thus, in order to maximize wealth of investors, managers need to identify factors affecting level of investment and make expectations of investors meet investment opportunities. This way, they can both boost investment opportunities and achieve satisfaction of investors [Fazary, A(2000)]. On the other hand, investors are considered to be essential elements of capital market. Investors are primarily concerned with operating their capital to maximize and profitability and returns. In order to motivate investors to invest in financial assets, returns on these assets should be higher than other options [Bahramfar, Mehrani(2005)]. The value created for owners may come as a result of different factors. Here, Investigate of the Relationship comprises independent directors, ownership concentration, institutional ownership, auditor type and free floating shares with firm value in Tehran Stock Exchange.

2. Theoretical basis of study

2.1. Roles of Independent Directors on corporate value

Level of independence of board of directors is a factor that promotes board efficiency. A great deal of studies on accounting have used rate of independent directors to total number of board members to quantify this measurement. Members of board of directors are experts at decision-making and controlling. They have no executive responsibilities in the company and receive no salaries [Beasley and Salterio(2001)]. It is confirmed in [Peasnell and et al(2003)] and [Rosenstein and Wyatt (1990)] that the presence of non-executive members in board of directors has positive effects on performance and value creation in companies. ever ,In the many of

Accounting Research for Quantification of This index form ratio of Outside directors to the entire Board of Directors Is used. Outside directors Are the Certified Experts That in the control and decision-making are also very skilled. This persons have not Executive responsibility in the company And not receive salaries [Beasley, M. and Salterio, S., 2001]. In many researches have proved that the presence of Non-executive directors in the board of directors has Positive effect on the company's performance and value creation[Peasnell, V., Pope, F. and Young, S. 2003, Rosenstein, S. and Wyatt, J.G., 1990].

2.2. Institutional Shareholders

Major shareholders apply their authority to intervene in decisions and influence the structure of board of directors. Therefore, they can be considered as a source of supervision on management [Yeganeh,et all(2008)]. Despite many reliable theories in this regard, results of experimental research on shareholders' composition and corporate performance seem to be complicated and, in some cases, contradictory. According to Bushee (1998) institutional owners are giant investors like banks, insurance companies, and investment companies. It is generally believed that the presence of institutional shareholders may lead to changes in corporate trends. This initiates from supervisory activities of these investors (Velury& Jenkins, 2006). Maug (1998) concluded that investors' abilities to control management and corporate performance are functions of their level of investment. The higher the level of institutional ownership, the better supervision on management; and this is a direct relationship. Shleifer and Vishny (1997) state that the presence of major institutional investors, as one of the Corporate governance mechanisms, And due to increase of effective supervision, will have a positive effect on firm value. By far, the ratio of number of shares attributed to institutional owners to total number of common shares has been used for quantifying this measurement.

2.3. Ownership Concentration

Disjunction of management and ownership is not the root cause of the concept of agency and its consequent costs for investors and managers. Distribution of ownership is another influential factor in this regard. Roye (1990) states that, in highly distributed concentration of ownership, minor investors have no incentive to supervise corporate activities since they have to pay for its costs, while others will share its benefits without any payments. Empirical research is abundant with different approaches for ownership concentration; for example, Demsetz and Lehn (1985) define ownership concentration as a sum of shares held by 5 or 20 major shareholders. Rock et al. (1989) suggest that ownership concentration is possession of 5% major shares . In the present study, the sum of shares held by major shareholders, who are not going to sell their shares in the near future, is taken as the measure for ownership concentration. Jensen and Mac Ling (1976) believed that ownership concentration is reduced representation issues and this will improve the company's performance and value. Researchers justified this factor that increase the concentration of ownership will be caused that Major investors enter to the company's ownership structure. this investors have incentive and enough power for supervise managers, Their supervise Will be make The managers take steps toward long-term goals of firm[Shleifer and Vishny, 1997].

2.4. Free Floating Shares

Free floating shares refer to shares that are expected to be traded in near future. Morgan Stanley Institute defines free floating shares as tradable entities in the market which are not held by institutional shareholders for managerial purposes. Therefore, free floating shares are total outstanding shares subtracting shares held by institutional shareholders. Here, subtraction of ownership concentration-1 is used for calculating free floating shares. In this study, free float of shares is number of shares that belongs to the minor shareholders, In other words, the free float shares is the percentage of the company Capital that for Market transaction is available to investors.

2.5. Role of auditing authority on value creation

One major assumption in agency theory is that employers find it difficult to confirm employee functionalities. Independent auditing is an effective and significant way to compromise interests of managers and shareholders. On the other hand, auditing credit and reputation has significant effects on reliability of accounting information and data. In theory, auditing firm size directly influences its reputation and credit. Francis & Simon (1987), Dee (1993) and Jonathan et all (1997) showed that big auditing firms provide qualified audit services, compared to small firms . In the present study, 0 is set for auditing services provided by private sector, while 1 is set for those provided by public sector (iran auditing organization,2014).

3.Firm Value

In the recent years, great attention has been devoted to the issue of corporate value in the form of shareholder wealth (Rapapart, 1986;Capland, 1994; Jensen, 2000), stakeholder value (Friman, 1984), customer value (Morfi et al., 1996), business ethics (Vallskoz, 1998; Fort, 2001), social rpsponsibilities of companies (Karol,

1999), environmental conservation (Tsidle, 1993; Ten Bronsil et al., 2000) and civil rights (Ulino, 1999). It is generally accepted that corporate value develops based on moral values and standards of managers and the staff. If we assume company as a virtual structure, it is true to say that corporate value stems from values and priorities of stakeholders. That is to say, the value of a business unit is created when stakeholder values are internalized. Determining corporate value is an essential factor in investment (Thomason, 2004). Corporate value is the weight of objectives and goals from the viewpoint of decision-makers. These objectives may include profitability, stock return of business unit, customer value (customer satisfaction), and job-satisfaction among the staff, providers' satisfaction, and appropriate social performance. After all, corporate value is market value of equity obtained from number of shares multiplied at price per share at the end of fiscal year [Nikoumaram, H; BadavarNahandi, Y (2009)]. Separation of ownership from management, together with development of agency theory, emphasized the importance of evaluating performance of managers as an essential issue in accounting, particularly management accounting. In this regard, many different measures and approaches have been proposed, such as Tobin-Q [Noravesh, I; Hoseini, A (2009)]. In 1969, James Tobin used the ratio of market value to book value of investment to examine investment projects. This is known as Tobin-Q ratio. He claimed that corporate performance could be measured by this ratio, and aimed at establishing a causal relationship between Q and investment level of company. If the measured ratio exceeds 1, it is concluded that the company is highly inspired to invest since returns of investment is greater than costs of capital. Otherwise, if the ratio is smaller than 1, it is concluded that the company is not working favorably and investment will be abolished in it. Tobin's Q ratio is studied broadly by many researchers; William Brainard (1997), Lidenberg and Ross (1981), Salinger (1984), Birger and Cynthia (1988), Perfect (1994), Berger and Ofek (1995), Leewillen and Bandernat (1977), Darell. E. Lee and Tompking (1999), Demstz and Villalonga (2000). Tobin-Q ratio is a combined measure based on accounting and market information. Many researchers suggest it as the best optimal measure for evaluating performance and corporate value [Leewillen, w.g and s.gbadernat ,(1997)]. Higher ratio indicates higher corporate value in the market. In simple words, the more accepted corporate value for shareholders, the greater is the price of share and corporate value. On the contrary, a company with low performance known for shareholders experiences decline in Tobin-Q and corporate value [Salehi, A (2001)]. Tobin-Q is calculated as market value of assets divided by total price of their replacement [Thomas O'Connor,(2012)]. It is used here as the measure for evaluating corporate value.

4.Literature Review

Ohlson (1995) found that corporate value is a function of book value, earnings and other related data.

Dichow (1997) states that unpredictability of changes in a variable is the measure for evaluating relevancy of that variable to corporate value. Thus, high level of unpredictability of a variable indicates its relevancy to corporate value and makes it an optimal measure for investigating relevancy since corporate value is created through information, and new information can changes corporate value.

Shleifer&Vishny (1997) found in their study that big institutional investors as a corporate governance mechanism positively affects corporate value.

Bushee&Noe (2000) argued that short-term investment institutes tend to invest in companies with greater quality of disclosure. In addition, they found that higher quality of disclosure (timelines and reliability) have negative effects on stock returns in the future (reduced variability). That is because higher level of disclosure attracts long-term investors.

Kato et al. (2007) demonstrated that cash flow, Tobin-Q rate, earnings growth, dividends, declared dividend, and changes in capital influence investment level. Their results indicated a significant relationship between changes in dividends and past, present and future earnings.

Wolf (2008) introduced Tobin-Q as the best and strongest existing index for evaluating and predicting corporate performance.

Yung (2004) concluded in his study that improving the quality of corporate governance has positive effects on financial performance and corporate value. It also ensures external investors to trust financial statements of companies.

Chiang(2009) used S&P measures of transparency to estimate level of financial information transparency and found a direct relationship between financial transparency and executive performance. He also found a positive and direct relationship between corporate governance and performance. Interestingly,improving management system leads to promotion of corporate performance and value. Therefore, supervisors can trust information disclosed by managers and adopt them in their decisions.

Bauer et al. (2010) studied effects of corporate governance mechanisms on stock returns and showed that companies with better structure of governance enjoy higher level of corporate value and higher returns, compared to companies with poor structure.

Wiu&Chieen (2013) realized that increase in liquidity leads to enhance corporate governance and, consequently, firm value.

Salehi (2009) studied correlation between Q and Lidenberg models and confirmed their correlation at confidence level of 99% in evaluating corporate value .

Yahyazadeh et al. (2010) found in their study that book value has increasing role in determining corporate value. Book value per share is used as key factor in determining corporate value in a wide range of studies. In fact, users of earnings per share pay more attention to book value of shares in determining corporate value .

Haghshenas (2011) found that Tobin-Q helps investors in recognizing attractive markets. It also helps managers to develop corporate capacity through increasing investment or buying existing assets in the market .

Qanbari (2012) evaluated the relationship between corporate governance mechanisms and performance. Results of his study indicated that rate of independent directors has no effects on performance. Also, internal audit has a positive and direct relationship with performance, while institutional investors have positive effect on performance.

Yeganeh&Moradi (2013) demonstrated a direct relationship between institutional investors and corporate value. According to the authors, institutional investors effectively supervise the company and actively manage their portfolio and persuade managers to take optimal decisions. As a result, they contribute to promote corporate value and performance.

5.Hypotheses

The present study investigates the Relationship independent directors, ownership concentration, institutional ownership, auditor type and free floating shares with firm value in Tehran Stock Exchange. To do this, the following hypotheses are projected:

1. There is a significant relationship Between the percentage of independent directors and firm value.
2. There is a significant relationship Between the ownership concentration and firm value.
3. There is a significant relationship Between the institutional ownership and firm value.
4. There is a significant relationship Between the auditor type and firm value.
5. There is a significant relationship Between the free floating shares and firm value.

6.Methodology

The present study is an applied research using correlative post-event methodology.

7.Population, sampling and duration

Population of the study includes all companies listed at Tehran Stock Exchange. Data are collected from 2006 to 2014. A screening method is used for sampling companies satisfying the following criteria:

1. Companies with available information from 2006 to 2014.
2. Companies listed at Tehran Stock Exchange in 2006, remaining active up to 2014.
3. Companies whose fiscal year ends in Esfand (March).
4. Companies which are not considered as financial, investment, holding or mediatory

Considering the above criteria, 200 companies were selected.

8.Variables

8.1.Independent variables

Independent variables of research include independent directors, ownership concentration, institutional ownership, auditor type and free floating shares, That method of calculation is as follows:

Table1: independent directors, ownership concentration, institutional ownership, auditor type and free floating shares

Variable	Operational Definition
Independent directors (ID)	It is calculated as number of ID divided by total number of board members.
Ownership concentration(OC)	Shares of major shareholders, who are not supposed to sell their shares in the near future, are considered as the level of ownership concentration.
Institutional ownership (IO)	It is calculated as shares of institutional owners divided by total number of common stock at the end of the period.
Audit type (AT)	If financial statements are audited by a governmental agent (Auditing Organization), it is considered to be 1; otherwise, it is taken to be zero.
Free float (FF)	subtraction of ownership concentration-1 is used for calculating free floating shares.

8.2. Firm Value

Firm value is set as our dependent variable. Here, Tobin-Q is used for determining corporate value. It is calculated as:

$$Tobin's\ q = \frac{Market\ Value}{Book\ Value}$$

8.3. Control Variables

Firm size, leverage and growth opportunities are used as control variables in the study, which are calculated as follows:

1. Firm size: it is calculated as natural logarithm of total assets at the end of each year (T):

$$Size_{it} = Ln(TA_{it})$$

Size_{it}= firm size at the end of year t

TA_{it}= total assets of company i in the year t

2. Leverage

It is calculated as:

$$Lev_{it} = \frac{TL_{it}}{TA_{it}}$$

Lev_{it}= leverage of company i at the end of year t

TL_{it}=liabilities of company i at the end of year t

TA_{it}= assets of company i at the end of year t

3. Growth opportunity

It is calculated as the difference of sales of previous and current year divided by sales of the previous year:

$$SG_{it} = \frac{(S_{it} - S_{it-1})}{S_{it-1}}$$

Where:

SG_{it}=growth opportunity of company i at the end of year t

S_{it}=sales of company i at the end of year t

S_{it-1}=sales of company i at the end of year t-1

9. Findings

9.1. Statistics description of variables

Results of descriptive analysis of data are presented in Tables 2.

(Tobin) Firm value	SG	LEV	SIZE	FF	AT	IO	OC	ID	variables Criteria
832	832	832	832	832	832	832	832	832	N
1/33	0/13	0/1	26/93	0/23	0/36	0/45	0/68	0/62	Mean
2/05	0/35	0/11	1/4	0/13	0/48	0/18	0/19	0/2	Standard deviation
0/03	-0/78	0/001	23/61	0/05	0	0/03	0/07	0/2	min
22/19	2/59	0/92	32/01	0/7	1	0/99	1	1	max
1/54	2/69	1/1	0/05	0/57	1/33	0/4	0/28	0/32	Coefficient of changes

9.2. Analysis normal distribution of variables at the companies level

Analysis normal distribution of variables at the companies level in the During the period of the study are presented in Table 3. Kolmogorov-Smirnov test results show that in the during this period, none of the variables were not normally distributed ,because amount of probability Kolmogorov-Smirnov statistic For all variables is less than 5%. Due to the lack of normal variables, For the determine the correlation between the variables in this

period listed should be non-parametric statistics such as Spearman correlation coefficient Be used.

Table 3: Test of normality of research variables at the companies level

(Qtobin) Firm valu	SG	LEV	SIZE	FF	AT	IO	OC	ID	Variables Criteria
832	832	832	832	832	832	832	832	832	N
7/620	3/121	6/026	1/825	5/550	11/929	3/023	3/715	5/855	K-S statistic
0/000	0/000	0/000	0/003	0/000	0/000	0/000	0/000	0/000	K-S statistic probability

9.3.Spearman correlations between variables at the companies level

Table 4:Spearman correlations between variables at the companies level

(Qtobin) Firm valu	SG	LEV	SIZE	FF	AT	IO	OC	ID	Variables Variables
0/201 0/000	0/051 0/140	-0/148 0/000	0/007 0/840	0/007 0/847	0/025 0/475	-0/004 0/903	-0/011 0/754	1	level of Correlation Sig. ID
-0/016 0/654	0/017 0/617	-0/032 0/364	0/046 0/184	0/576 0/000	-0/095 0/006	0/766 0/000	1		level of Correlation Sig. OC
-0/097 0/005	0/054 0/118	-0/100 0/004	0/074 0/034	-0/228 0/000	-0/077 0/027	1			level of Correlation Sig. IO
-0/082 0/019	0/058 0/096	-0/029 0/407	-0/005 0/896	0/046 0/181	1				level of Correlation Sig. AT
-0/075 0/030	-0/018 0/599	-0/043 0/220	0/001 0/999	1					level of Correlation Sig. FF
-0/155 0/000	0/049 0/159	-0/097 0/005	1						level of Correlation Sig. SIZE
0/087 0/012	-0/061 0/076	1							level of Correlation Sig. LEV
0/064 0/064	1								level of Correlation Sig. SG
1									level of Correlation Sig. Firm (Qtobin) valu

The results of the correlation between the research variables Shows a There are positive correlation and significant (0 /201) The percentage of independent board of directors and firm value.

9.4. Results of testing hypotheses

H₁= There is a significant relationship Between the percentage of independent directors and firm value.

$$MODEL1: Tobin'sq_{it} = \beta_0 + \beta_1 ID_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \epsilon_t$$

Table 5: Results of testing hypothesis 1

Sig. t	t	Standardized coefficient (Beta)	Regression coefficient	Criteria Variables
0/000	7/144	-	9/565	Cfixed value
0/073	1/794	0/061	0/635	ID
0/000	-6/684	-0/225	-0/330	SIZE
0/000	4/124	0/141	2/553	LEV
0/703	0/381	0/013	0/075	SG
DW	Sig. F	F	Adj. R ²	R ²
1/864	0/000	14/883	0/063	0/067

Due to the absence of significant correlation between the percentage of independent of board of directors and firm value. At the level of the total companies at 95%, the First research hypothesis is not confirmed.

H₂=There is a significant relationship Between the ownership concentration and firm value.

$$MODEL2: Tobin'sq_{it} = \beta_0 + \beta_1 OC_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \epsilon_t$$

Table 6: Results of testing hypothesis 2

Sig. t	t	Standardized coefficient (Beta)	Regression coefficient	Criteria Variables
0/000	7/156	-	9/525	Cfixed value
0/008	2/654	0/089	0/952	OC
0/000	-6/835	-0/230	-0/338	SIZE
0/000	3/996	0/134	2/430	LEV
0/664	0/434	0/015	0/085	SG
DW	Sig. F	F	Adj. R ²	R ²
1/552	0/000	15/904	0/067	0/071

Due to the significant correlation between ownership concentration and firm value At the level of the total companies at 95%, the second research hypothesis is confirmed.

H₃=There is a significant relationship Between the institutional ownership and firm value.

$$Model3: Tobin'sq_{it} = \beta_0 + \beta_1 IO_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \epsilon_t$$

Table 7: Results of testing hypothesis 3

Sig. t	t	Standardized coefficient (Beta)	Regression coefficient	Criteria Variables
0/000	7/322	-	9/709	Cfixed value
0/008	2/643	0/090	1/015	IO
0/000	-6/836	-0/230	-0/338	SIZE
0/000	4/198	0/142	2/575	LEV
0/686	0/404	0/014	0/079	SG
DW	Sig. F	F	Adj. R ²	R ²
1/566	0/000	15/888	0/067	0/071

Due to the significant correlation between institutional ownership and firm value At the level of the total companies at 95%, the third research hypothesis is confirmed.

H₄: There is a significant relationship Between the auditor type and firm value.

$$Model4: Tobin'sq_{it} = \beta_0 + \beta_1 AT_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \epsilon_t$$

Table 8: Results of testing hypothesis 4

Sig. t	t	Standardized coefficient (Beta)	Regression coefficient	Criteria Variables
0/000	7/486	-	9/940	Cfixed value
0/064	-1/856	-0/063	-0/267	AT
0/000	-6/589	-0/222	-0/325	SIZE
0/000	3/770	0/127	2/299	LEV
0/592	0/537	0/018	0/105	SG
DW	Sig. F	F	Adj. R ²	R ²
1/522	0/000	14/943	0/063	0/067

Due to the absence of significant correlation between the auditor type and firm value at the level of the total companies at 95%, the fourth research hypothesis is not confirmed.

H₅: There is a significant relationship Between the free floating shares and firm value.

$$Model5: Tobin'sq_{it} = \beta_0 + \beta_1 FF_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \epsilon_{it}$$

Table 9: Results of testing hypothesis 5

Sig. t	t	Standardized coefficient (Beta)	Regression coefficient	Criteria Variables
0/000	7/689	-	10/251	C
0/012	-2/524	-0/085	-1/343	FF
0/000	-6/673	-0/224	-0/328	SIZE
0/000	3/710	0/125	2/259	LEV
0/672	0/424	0/014	0/083	SG
DW	Sig. F	F	Adj. R ²	R ²
1/523	0/000	15/725	0/066	0/071

Due to the significant correlation between the free floating shares and firm value At the level of the total companies at 95%, the fifth research hypothesis is confirmed.

Results of testing hypotheses indicate that significance level of F-statistics is smaller than accepted error level (5%). Therefore, the regression model is significant. Durbin-Watson lies within the range of 1.5 to 2.5, implying no correlation between elements of error in the model.

9. Conclusion

According to the first hypothesis can be concluded that Since the level of firms, Percentage of The Board of Directors no relationship with firm value, But Spearman correlation has confirmed coefficient Significant correlation between the percentage of The Board of Directors and firm value. Therefore can be concluded that in such companies Changes of the outside of the board of directors and firm value partly has been same time, But changes of firm value Has been

Independent of changes Percentage of Independent the board of directors And these changes in members of Independent not be considered as a relevant information And on increase in stock prices and the resulting increase in firm value from the perspective of investors in the capital market is ineffective. This results in about lack of correlation between the percentage of The Board of Directors with firm value is agrees with the theory proposed by Barreto et al (2000) and navsy and naykr (2006) and \otimes \otimes is inconsistent with the findings from studies conducted by Bayer et al (2009), he and Chen (2011).

According to the second hypothesis can be concluded that Since the level of firms, ownership concentration with firm value has a significant positive correlation and Spearman correlation has confirmed coefficient Significant correlation between Ownership concentration and firm value, therefore can be concluded that in such companies that the ownership is more focused ,firm value is more based on the criteria Qtobins. Therefore can be concluded that in such companies Increasing ownership concentration as a relevant information And on increase in stock prices and the resulting increase in firm value from the perspective of investors in the capital market is effective. This results in about significant positive correlation ownership concentration with firm value is agrees with the theory proposed by Yang (2004) and Chiang (2005) and navsy and naykr (2006) and \otimes is inconsistent with the findings from studies conducted by Navsy and Naykr (2006) and feeli (2007).

According to the Third hypothesis can be concluded that Since the level of firms, institutional ownership with firm value has a significant positive correlation and Spearman correlation has confirmed coefficient Significant correlation between institutional ownership and firm value, therefore can be concluded

that in such companies that institutional owners is more ,firm value is more based on the criteria Tobins. Therefore can be concluded that in such companies Increasing institutional ownership as a relevant information And on increase in stock prices and the resulting increase in firm value from the perspective of investors in the capital market is effective. This results in about significant positive correlation ownership concentration with firm value is agrees with the theory proposed by Shleifer and Vishny (1986) and is inconsistent with the findings from studies conducted by Barreto et al (2000).

According to the fourth hypothesis can be concluded that Since the level of firms, auditor type have not relationship with firm value and Spearman correlation has confirmed significant negative correlation between auditor type and firm value, therefore can be concluded that in such companies, changes in the auditor type of auditing institutions to the Auditing Organization And reduce of the firm value Partly has been Same time ,But changes in the firm value has been independent of the Changes auditor type and this changes not be considered as a relevant information And on increase in stock prices and the resulting increase in firm value from the perspective of investors in the capital market is ineffective. This results in about lack of correlation between , auditor with with firm value is agrees with the theory proposed by Barreto et al (2000) and Navysy and Naykr (2006) and is inconsistent with the findings from studies conducted by Bayer and et al (2009), wi and Chen (2011).

According to the Fifth hypothesis can be concluded that Since the level of firms, free floating shares have a relationship negative with firm value and Spearman correlation has confirmed significant negative correlation between , free floating shares and firm value, therefore can be concluded that in such companies that have more free floating shares, firm value is more based on the criteria Tobins. Therefore can be concluded that in such companies Increasing free floating shares as a relevant information And on increase in stock prices and the resulting increase in firm value from the perspective of investors in the capital market is effective. This results in about significant negative correlation free floating shares with firm value is agrees with the theory proposed by Aksa (2006) and Dittmar and Smith (2007) and is inconsistent with the findings from studies conducted by Yang (2004), Verdi (2006) and Chiang (2010).

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