2528-9705

Örgütsel Davranış Araştırmaları Dergisi
Journal Of Organizational Behavior Research
Cilt / Vol.: 3, Sayı / Is.: S2, Yıl/Year: 2018, Kod/ID: 81S2104

INVESTIGATING THE IMPACT OF PRODUCT MARKET COMPETITION ON OWNERSHIP STRUCTURE AND PERFORMANCE

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ABSTRACT

In this research, the impact of product market competition has been investigated on the relationship between ownership structure and the performance of companies accepted in Tehran Stock Exchange. The Performance has also been used with the criterion of market value to the book value of asset as the performance evaluation index. The statistical population of this study was the companies listed in the Tehran Stock Exchange for the time period of 2008 to 2014. The multivariate regression with virtual variable has been used in order to test the hypotheses. The results indicate that managerial ownership in a strong competitive environment has a significant effect on performance. While institutional ownership has a significant effect on performance under weak competitive conditions.

Keywords: *Product Market Competition, Institutional Ownership, Management and Performance Ownership.*

INTRODUCTION

Nowadays, competitiveness is a central issue all around the world, which is considered as a means to achieve desirable economic growth and sustainable development (Kedia et al., 2009). High product market competition decreases the information asymmetry and costs of control which creates a great opportunity for investors and competitors to measure the performance of the company based on its performance among competitors which reduces control costs (Cremers et al, 2008).

In non-monopoly industries, the profit of each company depends on the relationship between companies and their strategy in the industry. Therefore, the price and amount of sales are often determined based on the agreement between companies. Therefore, the company's profitability and value depends not only on their performance, but also on the decisions and strategies of other companies presented in that industry. The results of various researches show that competition in the product market increases the profit manipulation by the management due to an increase in management bonuses, avoiding loss reporting and achieving target profit (Bergstresser and Philippon, 2006).

It seems that the key of success in a company depends on its desirable guidance. So that, it can be claimed that taking advantage of an efficient and effective board is the secret of survival in famous and well-known companies. One of the most important inner mechanisms of corporate governance is paying attention to the company's board of directors as the guiding entity that plays an effective role in monitoring and supervising the work of executives to safeguard the

Geliş tarihi/Recieved: 14.11.2017 – Kabul tarihi/Accepted: 27.02.2018 – Yayın tarihi/Published: 21.08.2018

interests of shareholders (Saghafi et al., 2011). On the contrary, the results of some studies have shown that companies in the low-competitive industries are more willing to have more profit management and competitiveness has increased the value of the companies, although this item also depends on the degree of competition and the market rules (Marciukaityte et al., 2008).
The effectiveness of the board can be more obvious for companies in a competitive environment than other companies, because in a competitive environment, managers can use their reputation and personal credit to increase their sales growth compared with other companies. Empirical research results show that the effectiveness of some elements of corporate governance may be affected by the level of product market competition (Randy et al., 2004). The type of ownership and its structure as one of the most important regulatory and supervising mechanisms can play an important role in achieving success and improving the performance of companies in a competitive market that will ultimately lead to economic growth and development. Hence, in this research, we intended to investigate the impact of institutional ownership and management ownership on the performance of the company at different competitive levels in Iran.

THEORETICAL FRAMEWORK

Company Performance

Shareholders require information to determine the value of securities to make decision about the purchase and sale of shares in companies. The main role of accounting is to provide necessary information for users including information for the valuation of companies. Investors can make better decisions about buying or selling shares if they use accounting information about company value. Valuation models are trying to facilitate the decision making process for investors by linking accounting data and market value. The difference in any of the above indicators (capital structure and ownership structure) should be taken into account in investment and financial decisions, according to the impact that it can have on company profitability and consequently on determining the current and future value of the company (Hashemi et al., 2010).
On the other hand, evaluating the performance of organizations, through assuring investors in terms of reducing the risk of investing, can provide the possibility to extract useful information from the company's annual reports for investment decisions.
Market value to the company's book value is one of the indicators of performance measurement. If this ratio is higher than one, it shows the growth of the company.

Competitiveness

> Competitiveness is a means for achieving a desirable economic growth and sustainable development. Having the power of competitiveness is one of the characteristics of a successful business and at the same time, the lack of this power is the obvious characteristic of unsuccessful business.

Competitiveness means the organization's ability to survive in the business and to protect the organization's capital, acquire (return) capital and guarantee jobs in the future (Okimova, 2000). Competitiveness does not have a unique definition, but the following common features can be seen in all definitions presented ever since: competitiveness is the capabilities and abilities that firms, industries, the region and the country has that can retain it in order to increase its market share and gain high profitability for a long period of time (Khoda Moradi et al., 2011).

Product market competition at high levels reduces information asymmetry and costs of control which creates a great opportunity for investors and competitors to measure the Firm's performance based on its performance in the competitive environment market and in the product market which results in a reduction in costs of control (Defond & Park 1999; Meyer & Vickers 1997). In exclusive industries, the profit of each company depends on the relationship between companies and their strategy in the industry. Given that the price and amount of sales are often determined based on agreement between companies, the results of various studies indicate that competition in the product market will increases profit manipulation by management due to an increase in management bounds, avoiding loss reporting and achieving target profit (Bergstresser & Philippon 2006). Competitiveness increases the value of companies, but this also depends on the degree of competition and rules in the market (Marciukaityte et al., 2008).

In some cases, in a competitive environment, short-term profit management can maintain and increase the company's value in the market. For example, a company, in the same conditions as the competitor, may achieve a higher price offer by manipulating the profit (Wang et al., 2013) and it should also be noted that such situations rarely occur.

The effect of institutional ownership on the performance of companies at different levels of product market competition

One of the important and effective governance factors in stock companies is the institutional ownership of stocks. Shareholders as one of the external factors of the corporate governance system have played an important role in reducing the cost of representation. It is expected that institutional ownership would reduce the amount of information asymmetry and consequently, will reduce representation problems (Dahlquist and Robertson, 2001) because institutional ownership can effectively orient and control the management efforts to manipulate accounts (Yoo, 2005). Institutional owners do their best to fulfill their duties in the best possible way and to create a reasonable assurance about the quality of financial reporting, protecting the interests of shareholders and raising the benefits of investing among the investors (Yoo, 2005). Therefore, the likelihood of occurring opportunistic behaviors including misuse of assets for companies whose shares are held by institutional owners will be reduced. As institutional ownership increases, the managerial decisions of the company are well oriented and some measures are taken to ensure that the company's resources are efficient and effective. Institutional owners, by using their expert knowledge in the field of manufacturing technologies, would help companies to reach their maximize productivity (Ito, 2004).

the effect of management ownership on the performance of companies at different levels of product market competition

Managerial ownership is defined as the percentage of shares placed in the hands of the company's internal managers. Managerial ownership has a different level. This level difference can be considered as a benchmark for measuring the conflict of interests between the manager and the owner. According to Jensen and Mackling's theory (1976), managerial ownership will remove the representation problem between shareholders and directors by aligning the interests of managers and shareholders. It seems that this issue, as a motivation, leads managers to a better control and to achieve a more suitable performance. In the division of organizational structure, the existence of high managerial ownership reduces the gap between ownership and

management, and information asymmetry will also be lower than other organizations (Khodadadi et al., 2014).

Morc and Schliffer (1988) believe that the idea that managers' ownership, as a motivating factor, causes managers to put their interests in the same direction as shareholders has become a standardized assumption that implicitly exists in many theoretical research.

EXPERIMENTAL BACKGROUND

The research results of Chang et al. (2015), which examined the relationship between corporate governance, capital structure and product market competition showed that a competitive product market increases the incentive of companies with weak corporate governance for increasing the shareholders' wealth.

Shleifer and Vishny (1997) and Hart (1983) argue that the conflict of potential benefits decreases between managers and owners at high levels of product market competition.

Chuo et al. (2011), Giroud and Mueller (2011) and Ammann et al (2012) have noted that in industries with little product market competition, stronger corporate governance will improve company's performance.

Giroud and Muller (2011) express that in industries with weak market competition, rules and regulations imposed by the company, resulting from the strong corporate governance mechanism, will improve the operational performance of these companies.

Chou et al. (2011) investigated the impact of competition in the product market on the quality of corporate governance mechanisms. Their research results showed that the quality of corporate governance mechanisms is reduced by increasing the level of product market competition (market share reduction).

Guadalupe et al (2001) examined the impact of product market competition on the corporate governance qualities of firms in 19 countries. In their research, they found that the supervisory role of corporate governance components decreases in industries with strong market competition.

Chou et al. (2011) showed that active firms in competitive industries have a weaker corporate leadership structure. Corporate leadership has a significant impact on corporate performance when product market competition is weak. While corporate leadership does not affect the company's performance where there is a strong competition in the product market. Also, competition in the product market has a significant impact on corporate leadership and is a substitute for it.

Giroud and Mueller (2011) examined the impact of corporate governance on the value and performance of companies in competitive and non-competitive industries. The results of their findings showed that weak corporate governance could reduce stock returns, performance weaknesses, and corporate devaluation only in non-competitive industries.

Kim and Lu (2010) investigated the relationship between management ownership as the criterion of domestic corporate governance and the product market competition. Their research results revealed that product market competition reduces the cost of representation and increases the supervisory role of management. Therefore, product market competition is a substitute for the weakness of corporate governance to put pressure on executives making them increase the company's value (Giroud and Mueller, 2010).

Safarzadeh and Rafiee (2014) investigated the relationship between competition in the product market and the corporate leadership of companies listed in Tehran Stock Exchange by Considering 212 companies during 2007-2012. Their research results show that corporate leadership structures are weaker in the competitive industries (industries that have little power in the market). Their findings also showed that competition in the product market has a significant impact on corporate leadership and is considered as an alternative for corporate leadership. In addition, their results indicated that most of the patterns become meaningless and their explanatory capability is reduced by differentiating the combined index of corporate leadership into more components.

Ghasemiye et al. (2014) investigated that whether competition in the product market (at the industry level) could change the level of the financial leverage impact on performance. The results showed that the financial leverage had a U-shape effect on performance. The level of competition has a positive and significant effect on performance, and this effect varies according to different levels of financial leverage, so that by increasing the financial leverage, level of competition has a more increasing impact on performance and this impact will be depleted in case of a reduction in the financial leverage.

Nikbakht et al. (2010) reviewed the relationship between the board's characteristics and the company's performance. They used five criteria (income growth, operating profit growth, net profit growth, return on assets and return on equity) for measuring the rank of corporate performance. Their research results indicate that the board of directors has no significant effect on the company's performance in the capital market of Iran.

- Research hypotheses

According to the theoretical foundations and research background, the research hypotheses are formulated as follows:

Hypothesis 1: In industries where there is a more competitive market, the percentage of shares held by the board has a positive impact on the firm's performance.

Second hypothesis: In industries where there is a little market competition, the percentage of shares held by the board has a negative effect on the firm's performance.

Hypothesis 3: In industries where there is a more competitive market, the percentage of institutional ownership has a negative impact on corporate performance.

Fourth hypothesis: In industries where there is a little market competition, the percentage of institutional ownership has a positive impact on corporate performance.

RESEARCH METHODOLOGY

The purpose of this research is to investigate the impact of the board's attributes on the performance of companies listed in Tehran Stock Exchange. This is a descriptive-practical research in terms of purpose and is a correlational type based on its nature and method. The mentioned theory is being studied through an experimental manner.

Regarding that the research results deal with solving a particular problem or topic, it's practical in terms of its purpose and it's a correlational -regression type of research in terms of the method.

Statistical community and research sample

The target community in this research includes all companies that have been accepted in the Tehran Stock Exchange until 19/3/2008. The period of this research is considered to be from 2008 to the end of 2014. The research sampling was purposeful, so that, in each stage,

companies that didn't have the following conditions were removed from the list of existed companies.

1. The statistical sample does not include financial intermediation companies and investments firms.
2. Companies whose fiscal year does not end on March 19.
3. Companies that have inadequate information for performing the test.

Finally, after passing these steps, 105 companies, in a seven-year period of 735 years, were selected as the sample for this research.

ANALYSIS OF DATA

Data analysis was performed in the descriptive statistics section using central indicators such as mean, median, and dispersion indicators of standard deviation. Regression modeling of combined data has been used to test the hypotheses. The F limer test was used to help choosing between different methods; the combined regression models and panel-data model with fixed effects. If we chose the combined data method in the F-limer test, the task will be complete but if the panel-data method with fixed effects is chosen, then the Hausman's test will also be required. The Hausman test is used to determine the use of fixed effects model against the model of random effects (Aflatoni and Nikbakht, 2010).

MODELS AND RESEARCH VARIABLES

Finally, the research hypotheses were tested based on model (1).

$$\frac{M}{B} = \alpha + \beta_1 \text{ Board Blockholder} + \beta_2 \text{Inst}_{i,t} + \beta_3 \text{Firm age} + \beta_4 \text{Firm size} + \beta_5 \text{Debet Ratio} + \beta_6 \text{Dpr} + c \quad (1)$$

In which Board Blockholder: is the Management Ownership Percentage, Inst: is the institutional Ownership Percentage; Dpr: is the dividend payout ratio.

The dependent variable

The Company Performance: the ratio of market value to the book value of the asset (M / B) has been used to calculate the firm's performance (Randy & Jensen, 2004; Hassas Yegane et al., 2009).

Independent variables of the research

Management Ownership Percentage: In this research, the percentage of management ownership is obtained through the percentage of shares held by the board of directors in each year (Hajiha and Akhlaghi, 2013).

Institutional Ownership Percentage: based on the definition presented by Boshi (1998), the percentage of institutional ownership can be achieved by the percentage of shares held by investors such as banks, insurance companies, investment firms, etc. (quoted by Mehrani et al., 2012).

Control variables

Company Lifetime: the natural logarithm of the time interval from the company's establishment date to the year under review has been used to calculate the lifetime of the company (Sajadi and Ghorbani, 2011).

Size of the company: The size of the company has been considered based on the natural logarithm of the company's total assets in each period (Sajadi and Ghorbani, 2011; Hajiha and Akhlaghi, 2013).

Debt Ratio: the ratio of total debts to the book value of equity is used to calculate this variable.

Divided Profit Ratio: the ratio of dividend payout to earnings per share is used to calculate this variable.

Product Market Competition: competition in the market has been measured based on the Herfindahl-Hirschman Index which has been used in the research of Beyon et al. (2011) and Setayesh and Kargar Fard (2011).

It should be explained that the mentioned index calculates the competitiveness level at the level of different industries and is defined as follows:

$$\sum_{i=1}^{n}\left(\frac{S_i}{S}\right)^2 = Hirschman\ \ Index(HHI) - Herfindahl \qquad (2)$$

si = is the sales revenue of the company (i).

S = Total sales revenue of existed companies in the industry where the company (i) is actively working.

n = Number of companies available in the industry.

After receiving the HHI index, the median of this indicator has been used for differentiating all the companies into two strong and weak competition market samples, so that if the indicator for a company is less than the average, there would be a strong market competition and in case of being higher than the average, there will be a weak market competition.

RESEARCH RESULTS

Descriptive statistics

The computations of descriptive statistics related to the research variables comprise the average, median, standard deviation and the maximum and minimum that information related to them are summarized in Table 1.

Table 1: Results of descriptive statistics of the research variables

Variables	Average	Median	Standard deviation	Maximum	Minimum
34.737	37	11.98	57	7	
0.687	0.7143	0.202	1	0	
0.66	0.7409	0.397	3.75	0	
0.738	0.824	0.261	1	0	
0.652	0.660	0.203	1.72	0.090	
2.031	1.760	1.547	8.680	-4.740	
5.767	5.699	0.617	8.001	4.254	

As can be seen in Table 1, the average lifetime of sample companies is around 35 years, which indicates the great antiquity of sample companies. Also, the average of management and institutional ownership variables are 0.687, 0.738 respectively. These figures indicate that most

of the sample companies' ownership is not only in the hands of the board of directors but also most of the companies' shares are held by holding companies, investment companies, and insurance and retirement funds. The average and the median financial leverage ratio also show that the composition of assets in most of the sample companies is comprised of debt. The minimum and the maximum of market value variables to the book value of assets is -4.740 and 8.680 respectively. The average and the median dividend profit ratio is 0.66 and 0.749 respectively. These ratios indicate that sample companies have divided a large percentage of their profits.

Research hypothesis testing

Firstly, the chow test was used to estimate the research patterns during the period of 2008- 2014 in the framework of combined data. This test determines the use of Pooled model or the fixed effect model. If the F statistic is meaningful at the 5% error level, then the zero hypotheses (Pooled model) will be rejected and the fixed effect model will be accepted. In this regard, based on the theoretical foundations raised here, patterns consisting of a series of independent variables were developed. Before fitting the pattern, the diagnostic F-limer test related to industries with a strong and weak market competition was performed for choosing between the combined data patterns or the panel-data model with fixed effects using the Eviews software. The results of which are shown in Table 2.

Table 2: Chow test results for both samples

The sample for weak competition market		The sample for strong competition market		
Error level	Statistic	Error level	Statistic	
0.0125	6.756	0.000	5.868	Period F

As shown in Table (2), the F statistic is meaningful at 5% error level; therefore, the Chow test has strongly rejected the similarity of intercept in all periods. Hence, the method of fixed effects is accepted in this test. In the next step, the method of fixed effects is tested against the method of random effects. The Hausman test has been used for this purpose. If computing statistics are meaningful at the 5% error rate, then the hypothesis of random effects will be rejected and the fixed effects model will be accepted. The Hausman test results are presented in Table (3) in order to evaluate the estimation method:

Table 3: The Hausman test results for both samples

The sample for weak competition market		The sample for strong competition market		
Error level	Statistic	Error level	Statistic	
0.007	15.241	0.002	11.423	Hausman test

According to table (3), the computational statistics of the Hausman test is Meaningful for both samples at the 5% error level, so the lack of a relationship between individual effects and explanatory variables has been rejected. Hence, the method of fixed effects will be used to estimate the model.

Results of estimating the research model

The results of the classical assumption test for both strong and weak market competition models are as the following:

Table 4: Evaluation of the classical assumptions

Strong market competition model				
Assumptions of Linear regression	The used test	Statistic	Possibility	Results
The average of errors is zero	The existence of intercept in the model	1.991	0.000	Verified
The lack of self-correlation	Durbin–Watson statistic	1.527	0.000	Verified
Normality of Error component	kolmogorov-smirnov	1.018	0.157	Verified
Lack of multicollinearity		The Square root of determination coefficient is greater than the two by two single correlation		
Weak market competition model				
The average of errors is zero	The existence of intercept in the model	7.954	0.000	Verified
The lack of self-correlation	Durbin–Watson statistic	1.611	0.000	Verified
Normality of Error component	kolmogorov-smirnov	1.129	0.2251	Verified
Lack of multicollinearity	The Square root of determination coefficient is greater than the two by two single correlation			

In the following, the results of estimating the above model have been presented for both sample companies with strong and weak competition. The hypothesis test results for the time period of 2008 to 2014 are as follows:

Table 5: The results of estimating the research model for both samples

	A sample companies with a strong competitive market		A sample companies with a weak competitive market	
	Coefficient	Error level	Coefficient	Error level
Intercept	1.991	0.000	7.954	0.000
The Board's Percentage of shares	0.809	0.003	-0.125	0.658
Institutional ownership	-0.0006	0.374	0.068	0.014
Size of the company	-0.036	0.075	-0.145	0.018
Financial Leverage	0.358	0.011	-0.163	0.016
Dividend profits ratio	-0.0002	0.043	0.002	0.010
Company lifetime	-0.0001	0.542	0.008	0.001
Coefficient of determination	0.727		0.612	
Adjusted coefficient of determination	0.6706		0.578	
F statistics	12.709		9.588	
Significance level of F statistics	0.000		0.000	
Durbin–Watson statistic	1.527		1.611	

Based on the results that can be seen in Table 5 and in accordance with the F-statistic obtained for both strong and weak market competition models, which were 12.709 and 9.588 respectively and the error level in both of them that were 0.000, it can be claimed that in total, the research pattern has a high level of significance for both samples at a confidence level of 99%. Also, according to the adjusted coefficient of determination obtained for a strong competition sample which is about 67%, it can be stated that in total, independent and control variables of the research explain 67% of the dependent variable changes.

Also, according to the adjusted coefficient of determination that was obtained for the weak competition sample (57%), it can be stated that in total, independent and control variables of the research explain about 57% of the dependent variable changes. Therefore, it can be said that

ownership indicators in industries with strong competition are more powerful in explaining the performance of companies than industries with weak competition. Also, according to the amount of Durbin–Watson statistic which is equal to 1.527 and 1.611 for both strong and weak samples, it can be claimed that there is no first-order self-correlation among the residuals of the model.

The first and second hypotheses deal with investigating the impact of management ownership on company's performance in two weak and strong competition industries. According to the results presented in Table (5), the coefficient of management ownership percentage is 0.809 in the competitive industries. Also, the error level related to the zero hypothesis and based on the lack of a positive and significant impact of management ownership percentage on the company's performance is 0.003. As a result, the percentage of management ownership has a significant and positive impact on the company's performance in the industry with strong competition (verification of the first hypothesis). On the other hand, the level of error related to investigating the impact of management ownership on the company's performance is 0.658 in weak competitive industries. Thus, the percentage of management ownership in weak competitive industries does not have a significant negative effect on the company's performance (rejection of the second hypothesis).

The third and fourth hypotheses also deal with the impact of institutional ownership on the company's performance in both weak and strong competition industries. Results presented in Table (5) indicate that the level of error related to the negative and significant impact of institutional ownership on the company's performance in strong competitive industries is 0.374. As a result, institutional ownership percentage doesn't have a negative and significant impact on the company's performance (rejection of the third hypothesis). Finally, the coefficient of institutional ownership percentage was 0.68. Also, the error level related to the zero hypothesis based on the lack of a positive and significant impact of institutional ownership percentage on the company's performance is 0.014 which is less than 0.05. Therefore, the zero hypothesis is rejected. Ultimately, institutional ownership percentage has a positive and significant impact on the company's performance (verification of the fourth hypothesis)

DISCUSSION AND CONCLUSION

As mentioned before, this study seeks to investigate the impact of product market competition on the relationship between the board's efficiency including corporate governance indicators and the company's performance.

The impact of management ownership percentage on the performance of companies in industries with strong market competition has been studied in this research. Generally, results showed that management ownership percentage has a significant positive effect on the performance of companies working in strong competitive industries. In other words, this result shows that as the ownership percentage of the board increases, the issue of representation and monitoring become less prominent in Iranian companies and most of the board's activities are strategic and are in the direction of solutions to compete with other companies. Therefore, it can be expected that in industries with high product market competition, a high percentage of board ownership would improve the company's performance.

On the other hand, the impact of management ownership percentage on the performance of companies in industries where there is a weak market competition has been investigated in the following. The results generally showed that management ownership percentage doesn't have a

significant effect on the performance of companies that work in weak competitive industries. In other words, the role of management ownership is not in accordance with the theory of representation and the ability of these tools to improve the company's performance was not approved. According to the theoretical foundations, it was being predicted that the percentage of management ownership in weak competitive industries would improve the performance of companies in industries with weak competition regarding the issue of monitoring and controlling the activities of the company. In accordance with the obtained results, it can be stated that in Iranian sample companies under study, management ownership cannot affect the performance of companies in weak competitive industries and also couldn't play the role of reducing the representation conflict.

The results of investigating the impact of institutional ownership percentage on the performance of companies in industries with higher levels of market competition generally showed that institutional ownership has no significant impact on the performance of companies working in strong competitive industries. As we all know, in each company, institutional owners are considered as one of the important components of corporate governance, so that, as the percentage of institutional ownership increase, the supervision of the company will increase and as a result, the level of control over the company's management in making investment decisions will be increased. In other words, the increasing trend of institutional ownership restricts the decisions of the management and decisions aren't made freely according to the conditions of each industry. Therefore, theoretically, it was predicted that the institutional ownership in strong competitive industries reduces the effectiveness of managed activities and, consequently, decreases the corporate performance. In accordance with the results, it can be noted that institutional ownership in Iran's stock exchange cannot affect the performance of companies in strong competitive industries. Perhaps one of the possible reasons for such an outcome in Iran can be justified by the fact that institutional owners in the Iranian stock exchange often have a short-run attitude and look at their owned companies as a tool for gaining profit (price return). Therefore, they cannot perform their duties as expected.

On the other hand, the impact of institutional ownership percentage on the performance of companies was investigated in industries with a weak market competition. In general, the results showed that the percentage of institutional ownership has a significant and positive impact on the performance of companies working in a weak market competition. According to the theoretical foundations, an increase was predicted in the level of monitoring and controlling over the company's activities due to the monitoring role of institutional owners in industries with weak competition, and as a result, improves the performance of companies in industries with weak competition. In general, the results of this study are remarkable due to the fact that the supervisory role of managerial ownership in industries with strong competition seems to be stronger, while the supervisory role of institutional ownership in companies with weak competition is more efficient.

According to the research results, institutions developing laws and standards such as the Stock Exchange Organization are advised to pay attention to the management ownership mechanisms while codifying standards in strong competitive markets and also, pay attention to the institutional ownership mechanisms in weak competitive markets. In addition, shareholders are advised to pay attention to the type of industry's competitiveness and the supervisory role of

managerial and institutional ownership in investment decisions. Few suggestions are presented as follows for future research in line with the results of this research:

- Investigating the Impact of Internal Mechanisms of Corporate Governance such as Internal Audit, and Audit Committee on the performance of companies at different levels of product market competition
- Performing the current research by using other indicators for measuring the company's performance instead of using the ratio of market value to the book value of assets.

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