



2528-9705

Örgütsel Davranış Araştırmaları Dergisi
Journal Of Organizational Behavior Research
Cilt / Vol.: 3, Sayı / Is.: S2, Yıl/Year: 2018, Kod/ID: 81S2117



THE EFFECT OF INVESTIGATING TRUST ON MANAGERS' ETHICS AND INSTITUTIONAL INVESTORS

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ABSTRACT

The purpose of this research is to investigate the effect of excessive ceo confidence on leadership ethics and institutional investment. The research period was 2013-2013 and 121 companies were selected as samples. Method research descriptive - surveying and relation between variables is causality - correlation and from opinion target practical and from in terms of event, after an event. To process and test the hypothesis of regression and panel data and fixed effects model has been used. The results showed that managers have the trust wow from limit to the reason that's that supply financial foreign to purpose investment at company take full cost they know, at the face need to invest more at the future, profit cash less division they do. Findings showed that there is a significant relationship between the trustworthiness of the ceo and the leadership ethics, and there is a significant relationship between the trustworthiness of the ceo and institutional investors. Increasing the trust of the managers increases the amount of investor's fear of investing.

Keywords: Trust by CEO, Leadership Ethics, Institutional Investments.

INTRODUCTION

Fund the owners institutional to title a group from fund the owners to mediator access to References enormous financial, role important at development economic market fund play you can to make. At this between fund the owners institutional with attention to ownership the part Can be attentionf take stock company the form infiltrate can be consideration oh you at company by fund Aaffordable on have you been they are and you can procedure by financial and operation they are take under effect put give. This fund the owners with supervision on function company by subset and participation at politics placing by macro company the improvement efficiency and upgrade prosperity general take to gift You can bring back. At such environmentally effort and struggling company the direction absorb fund and getting references more, leads to improvement efficiency and increase returns fund placing the have been fund the owners and person's exterminator to returns appropriate and appropriate hand will be found. With attention to dominate and infiltrate fund the owners institutional at guiding company , to information subtle to speed hand found and with transaction according to this information you can at realization one from conditions necessary direction assessment fair and exact bonds securities by market that's mean complete to be , effective to be and from shape take markets incomplete that at they are persons profitable and the opportunity crave with smash right others and

transaction according to information subtle to efficiency top hand you can to find and persons true from achievement to rights sure yourself i'm back as, avoid they (Ghasemi Shams, 2013).

On the other hand, excessive trust can lead to decisions that eliminate the value of the company. Roll (1986) He believes that the reason for the involvement of managers in the merger and acquisition activities of the company's value suppressor is excessive managerial trust. Disruption to investment activities, financing, and accounting policies can be costly. On the other hand, excessive management trust can, under certain conditions, create benefits for participation principles morality to earn and work to title one from solutions basic i'm bound to make companies to observe behavior citizenship at interaction with the environment around self considered is. According to this article, this article seeks to answer the question whether Trust exceeds the CEO's limitations on institutional ethics and institutional investors.

BACKGROUND

Internal research

Rezaeian (2018) study the effects of over-reliance on the return and risk manager's company's shares listed on the Stock Exchange. The results showed that according to the forecast by theory Managers More the trust Both Cause Increase Returns take stock you can To be And Both Risk more take it You can They do. To plus We This Results Take to Managing Director that Member the staff the director also be Check We. Because Such People Also Cause Increase Value Company You can to be and Decision Making Similar political they trust more managers. The results showed if the CEO Member the staff the director Also be both cause increase returns take stock you can to be and both Risk Non-systematic Company top you can Is. But if the manager factor both more the trust be and both Member the staff the director be the effect Negative It has a non-systematic risk and return risk.

Ahmadi et al. (2016) studied the relationship in his study morality business with citizenship a company: mediator role social responsibility and their rule. The results showed that based on analysis data, level adherence strong company the to observe principles morality to earn and work yourself at beforehand persons society cause have been is until the behavior citizenship a company they are condition okay have be . So, editing prism citizen a company based on morality business substrate necessary for to earn credibility advantage competitive and increase interest variation company the take provide you can make.

Abbas zadeh et al. (2014) studied their effect in their study the trust more from the limit managerial on politics division profit at accepted companies have been at exchange bonds securities tehran. Findings research sign gives that categories the trust more from the limit managerial on politics division profit companies vox direct effect has it but with increase opportunities investment, the effect the trust more from the limit managerial on politics division profit, reverse is.

Foreign research

Chang et al. (2014) examined their ethical leadership and the behavior of employees' vocal and occupational engagement. The results showed that moral leadership helps subordinates engage in their work and encourage them to speak. The research also showed that ethical leadership will be positively associated with job involvement, rather than focusing on self-monitoring, rather than focusing on degree improvement.



Dash partners (2013) and this consequently arrived that the managers have the trust wow from the limit to the reason this that the supply financial foreign to i'm get in 'around investment at company take full costs you can know at case need to investment more at the future, profit cash less division you can they do. Also they are and this consequently reached that the at company by has far page d. Growth low more eh cash fewer, this b e i. Negative stronger is.

Sharz et al. (2012) in their study examined the increase in employee performance through ethical leadership, transformational leadership, and organizational culture development in the Pakistani development sector. The results showed that there is a positive and significant relationship between transformational leadership, ethical leadership, organizational culture organization and performance. There is also a negative relationship between ethical leadership and authoritarian leadership.

THEORETICAL

Trust more than the CEO

Excessive trust managers, who are more than happy to estimate the future returns from corporate investments. Malmandy yer and Tate (2005) define managers with excessive trust as managers who estimate excessive returns from company projects. Heaton (2002) uses the optimistic term for executives who regularly and systematically overestimate the profitability of good companies and less profit from the performance of poor firms. Excessive management trust affects investment, financing, and dividend policies.

Leadership Ethics

Ethical leadership is defined as displaying normative behavior through individual actions and interpersonal communication, and promoting such behavior to followers through bipartite communication, empowerment, and decision making. Beroun et al. (2007) defined ethical leadership as developing appropriate normative behaviors through personal actions and personal relationships and promoting such behaviors to subordinates through bilateral communication, empowerment and decision making.

Leaders Moral on governance a company from the way Editing Principles Moral Comprehensive, Correction regulation Company, Transparency Information Financial and System Compensation Services Justly the effect you can to make. For Improvement Governance a company Expose Information Financial, Creation System Market Efficient and Prepared Standards Moral necessary you can be. Governance a company Functional from Value S Moral Social Is That At long time Effect Positive On Function, Growth, Credit And Survival Company you can Puts.

Institutional investors

Institutional investors represent one of the mechanisms of corporate governance that can monitor corporate governance. Because they can also have a significant influence on the management of the company, and they can also reconcile the interests of the group of shareholders. Institutional investors have a significant influence on the capital market and management of business activities of corporations while having a coherent organizational structure, it provides valuable and strategic financial and business information through direct contact with the executives of the companies being invested. Investors Institutional Different from Investment Somebody they are according to Bush (1998), institutional investors are large investors, such as banks, insurance companies, investment companies, and so on. It is generally



thought that the presence of institutional investors may lead to a change in corporate behavior. It stems from the supervisory activities that investors do.

The position and role of institutional investors as a means of transferring funds and savings to the capital market and resource management in the developed financial markets are increasingly important. As the increase in institutional investors' transactions in global stock markets since the late decade 1980, Has led to an increase in the attention of financial economists to examining the impact of these institutions on changes in stock prices. Also, the entry of institutional investors into financial markets and their involvement in these markets in recent decades has made many researchers investigate the importance and role of these investors. Institutional investors in global capital markets play an increasingly important role. In 2005, institutional investors held 65 % of the shares of companies admitted to the New York Stock Exchange, representing a combined annual growth rate of 6.3 % over the past 25 years. Institutional investors bear the hefty cost of choosing stocks to identify profitable investments. However, what efforts and cost choices for institutional investors lead to better stock choices remains an unanswered question both in academic research and in applied research. Assume that institutional investors from individual investors have the ability to choose more stocks, they should be able to form a more accurate estimate of the intrinsic value of companies to predict future stock performance. Therefore, institutional investors will buy stocks that they believe will be successful in the future and sell stocks that they expect to be unsuccessful, which is far more precise than predicting individual investors. Moreover, since the individual investors versus institutional investors (Mehran et al., 2010).

Hypothes

Trust has a significant effect on managerial ethics on leadership ethics and institutional investors

Research methodology

Method set of rules, tools and valid (reliable) and systematically to review the facts, explore the unknown and achieve solutions to problems. According to the data relating to real enterprises, and its results could be decision opens the door to capital market participants are therefore considered applied research. On the other hand, due to the fact that the causal and causal relationship between the independent and dependent variables of the research will be investigated, then, in terms of doing, Ali is after the occurrence. In terms of how to run descriptive - survey and in terms of causal relationships between variables -correlation. And of collecting data from research The Quantitative and retrospective in time as well as inductive logic is implemented. Measure data collected, is a relative scale. It has all the features of a scale relative scale interval, ordinal and nominal. Relative scale, is the most accurate measure. This scale has a zero value is true. The point on the scale that shows a complete lack of measurable characteristics. The study population of accepted companies in Tehran Stock Exchange during the period of 2018-2014 years and 121 companies have been chosen. In this study, removal of systematic sampling was used. Due to limitations 121 companies, for example, the research was used.

RESEARCH FINDINGS



Method to which the means of it Are you the power of aggregated information Processed and summarized, descriptive statistics Called. It should be noted that after deletion of data straight forward Data generation, Number of companies - year Research variables have been slightly reduced.

Table 1. Descriptive indicators studied variables

Research variables	Number	Average	Middle	Standard deviation	Maximum	At least
Excessive trust of the CEO	740	0/465	0/431	0/286	4/323	0/033
Leadership Ethics	740	0/519	495/0	237/0	874/1	3 / 421-
Institutional investors	740	5/638	5/475	0/241	9/868	2/212
Financial Leverage	740	0/419	0/403	0/192	1/86	0/103
size of the company	740	2/120	7/118	0/174	8/217	60/41

(In million Rials)

As seen in Table (1) the average value of the manager's excessive trust, is 0/465. Mid-range, is 0/431. To In general, measures of dispersion, measures the dispersion around the average review and compare their observations. One important thing most measures of dispersion, standard deviation. According to the table above, this criterion for Variable trust too CEO, is 0/286.

According to the values presented in Table (1), the average and moderate variables of leadership ethics are respectively 519/0 and 495/0 respectively. This variable maximum and minimum, respectively 1/874 and 3/421's. Descriptive statistics for other variables as Table 1 are.

In the present study, we estimate the model based on data is a panel. This is a combination of time series information (2011-2012) and data Sectional 1 21 Companies listed on the stock exchange) will Is. All calculated figures for each of the model variables are in millions of Rials Is. Program Smooth the increase in the Use at These the research, Program Soft Increase in the 9 of the be. Model Estimated according to hypothesis Presented as a model Multivariate regression few offered Have.

The results of the test are as follows:

Table 2. Results Test Research model

Variable name	Variable variable	Coefficient Coefficient	Standard deviation	The statistics t	Prob.
Constant	C	1/431	0/252	5/692	0/0001
Excessive trust of the CEO	β_1	0 / 134-	0/064	2 / 095-	0/0124
Leadership Ethics	β_2	0 / 078-	0/015	5/234-	0/0000
Institutional investors	β_3	0 / 016-	0/008	1 / 971-	0/2487
size of the company	β_4	0/169	0/027	6/167	0/0020
Financial Leverage	β_5	0/104	0/068	1/541	0/0689
The statistics F				22/192	
The significance level (Prob.)				(0/000)	
Watson Camera Statistics				1/873	
Coefficient of determination (R2)				0/744	
Adjusted Coefficient (AdjR2)				0/706	

Source: Findings

According to the results of the study, statistical significance level F (0/000) lower than the level of error is significant and the regression model. Durbin-Watson statistic (1/873) are between



1/5 to 2/5 is therefore no correlation between the components of the model error. Due to the low (P-value) Statistics t the level of acceptable error for the coefficient 2 β Test results show stable earnings and a significant negative relationship with audit fees. Due to the high (P-value) Statistics t the level of acceptable error for the coefficient 3 β Test results show confidence in leadership and institutional investors too Director of Ethics significant impact. So hypothesis this cannot be rejected at the 5% level. Also statistic t the level of acceptable error for the coefficient 4 β Test results show the control variable is positive and significant relationship with institutional investors and statistics t the level of acceptable error for the coefficient 5 β Test results show variable over-reliance on institutional investors managing director has a significant effect. The coefficient of determination and adjusted coefficient of determination shows that the variables included in the regression could they account for 70 % of variations in dependent variables.

CONCLUSION

Disruption to investment activities, financing, and accounting policies can be costly. On the other hand, excessive management trust can lead to the creation of benefits for the company and the principles Morality to earn and work to title one From Solutions Basic I'm bound to make companies to Observe Behavior Citizenship at interaction with the environment around Self Considered Is. The results showed that Managers Has the trust wow From Limit to the reason That's that supply Financial Foreign to Purpose investment at Company take full Cost they know, At the face need to invest more at the future, Profit Cash Less Division they do. Findings showed that there is a significant relationship between the trustworthiness of the CEO and the leadership ethics, and there is a significant relationship between the trustworthiness of the CEO and institutional investors. Increasing the trust of the managers increases the amount of investor's fear of investing.

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