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THE IMPACT OF RISK MANAGEMENT (RISK) ON CORPORATE GOVERNANCE

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ABSTRACT

Establishment appropriate mechanisms sovereignty a company take action fundamental for use efficient from resources, upgrade accountability, transparency, adhere to fairness and rights all the company's vendors them. Issue sovereignty a company for success companies and prosperity social with updated the collapse of enron's large corporations occurred and this failure was due to the lack of efficient risk management. The purpose of this paper is to examine the impact of risk management (risk) on corporate governance using historical data from the years ۲۰۱۳ to ۲۰۱۷ the 87 companies listed in the Tehran stock exchange. In this research, to test the hypotheses of the regression model used. The results showed that risk management has a significant effect on corporate governance, and also showed that risk management and corporate governance do not affect company performance.

Keywords: *Risk Management, Risk, Corporate Governance.*

INTRODUCTION

Today at Place and importance sovereignty a company to success function companies and Creation social welfare no doubtful is not. Because this issue with attention to events years old lately and financial crises companies importance more found is. collapse companies from such as world cam Enron and ... Which causes Losses a lot to investors and stakeholders became and the result from systems weak sovereignty was a company causing emphasis more from before on necessity upgrade and correction sovereignty a company at Level among Made up is (Sefidgar, 2012). At years the recent Sovereignty a company to one aspect main and dynamic business Conversion have been and attention to It's to the face Progressive Face to face increase is. Group S a lot in the jurisdiction a company infiltrate have. At this between, Shareholders To special shareholders institutional role important play may to make. Capital the owners institutional One from mechanism and work sovereignty a company powerful take representation may to make that may can on management company supervision have to be because they are both may can on management company, Intrusive eye catch have to be and both may can interests management take with interests group shareholders both direction to show. concentration ownership at hand capital the owners institutional problems representative take control have you support from interests capital the owners take improvement may To make (Gholam Hosseinzadeh, 2010).

The danger is an inevitable part of life and cannot be completely eliminated. In fact, the risk is the probability of an incident, illness or loss that we constantly face. The risk management

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process is about designing, organizing, and determining the path of an application that identifies, evaluates and ultimately controls the risk. This process involves a hierarchy that can overlap each other. Risk management in companies has led the board and management members to reduce or control this risk and risk; the risk in companies is to some extent acceptable, but more likely to endanger the company. This research seeks to answer the question of whether risk management or risk has an impact on corporate governance? And if it does, it has a positive effect.

BACKGROUND RESEARCH

Firouz Alizadeh et al. (2017) investigated Relation Competition At Market the product And Management Risk Seamlessly based on Financial On decisions Management paid . The results of this research indicate that there is a positive and significant relationship between competition with investment decisions and there is no meaningful relationship between integrated risk management based on financial reporting report and investment decisions. Meanwhile, Pocket Risk Management has not had a significant impact on the relationship between management and management decisions.

Saleh Nejad et al. (2015) investigated the effect of management forecasting on the risk and value of the company. The results showed that the significant effect of the forecast of the profit of each management share on the value of the company and the lack of effect of these forecasts on the stock risk of the companies studied during the research.

Sadeghi (2013) investigated corporate governance and the value of companies admitted to Tehran Stock Exchange and Overseas. The findings showed that there is a significant difference between domestic and foreign corporate governance, which indicates that the companies that are accepted in the Tehran Stock Exchange are more likely to pay for domestic corporate governance variables due to the specific economic and political conditions of the country.

Tzyga et al (2017) in a study to review the implementation of risk management simulation tools began. This tool is based on the type of project they work on it, give feedback. When the first step is complete, users enter the risk identification step are. This allows them the analysis and evaluation of a risk or a risk to do so. In the analysis, it can be different calculations to calculate exposure to risks identified in the project was done. This tool is designed in a way The It's simple to use and not limited to a specific industry.

Jirapouren et al. (2015) explores whether Corporate governance affects Corporate risk? Evidence from institutional shareholder services (ISS) Paid. Results the results are consistent with the theory that management, with the incentive of compensation contracts performance - oriented, tend to take more risks that will maximize their compensation. However, good governance, managers are forced to reduce the amount of risk taken. The results are strong. There are two alternative criteria for corporate governance and adopt alternative risk criteria to apply and to obtain consistent results.

Danglou et al. (2015) reviewed the research creating an LCD, Risk Management and Bank Capital structure. Why is the high leverage for banks desirable. This model can explain why banks have a higher leverage than most operating companies, why risk management for central bank policy is important, why bank leverage has increased over the past 150 years, and why leverage limits for regulated banks Prevent their ability to compete with irregular shadow banks.

THEORETICAL

Corporate Governance

At one the look general Sovereignty a company contains arrangements Legal, cultural and Institutional may to be that side and bye move and Performance company the take determine may them. Elements that at this Scene presence have, Are included from shareholders and Structure ownership they, Members the board the director and their compounds, management company that by manager agent or manager Senior executive guidance may to be and the rest beneficiary the that possibility effect on move company Take Are. At this between What that more draw attention May slow Presence growing Capital the owners institutional and Legal at circle the owner company S joint stock General And effect Is that Presence active this group On how to rule and On Organization The also Performance They are May Can Have Is. fundamental The best discuss Sovereignty a company confidence finding From actions Sovereignty Correct Shareholders On office company is. With existence this, Existence scenarios special Causing may to make that actions this Sovereignty especially for Shareholders wisdom With Obstacles facing to be. From this face One from Categories important at Sovereignty a company awareness from Structure ownership and degree Setting up It's at Scale Standard may be until the With from It's Can be Strategies necessary at Establishment Sovereignty a company Take edit a.

In recent years, the concept of corporate governance as an original and dynamic aspects of business has become in today's economy is growing exponentially due to its numerous enhancements to corporate governance at the global level on how to apply for so that international organizations such as the Organization for economic development, accepted international standards in this case they provide. The result in America and Great Britain continued to teach at the college is located, and consequently the organizations to strengthen their corporate governance and shareholder relations continue to carry them, the level of accountability, improve the performance of the board of directors, auditors and accounting systems and internal controls, as special attention and are constantly looking for ways in which companies manage these methods are better. In addition, retail investors, institutional investors, accountants and auditors and other money and capital market actors and the necessity of the philosophy of continuous improvement of corporate governance, alarmed. Although this has been somewhat a challenge to this concept and its implementation process, with the recent financial crisis in America and Europe, but it is hoped that by reconsidering the concepts and dimensions of this concept to a large extent these errors Reduced.

The available literature indicates no agreed definition of corporate governance there is No professional society and according to the country that we consider, there are dramatic differences in the definition. Even in developed countries like America or England as countries reach a single definition, not an easy task. Definitions of corporate governance in a whole are limited vision in one hand and a broader view of the whole fall. In view of the limited corporate governance relationship between the company and shareholders is limited to the old model of corporate governance that comes in the form of accounting theory as represented. On the other side of corporate governance can be seen as a network of relations not only between companies and their owners (shareholders), but also between a company and a large number of stakeholders, including employees, customers, Sellers, bondholders, and so on. Such a view in the form of "stakeholder theory" can be seen. In other words, corporate governance generally means leadership Make it which is usually used to steer a ship and argue that corporate governance requires guidance rather than control. In a statement It can be said that the relationship between the shareholders and the company is limited and in a wider perspective, the relationship between the company and other owners, including shareholder divisions of the (sensitive one, ۲۰۰۷).

The importance of corporate governance and social welfare for the company's success no doubt. This issue has become more important given recent events. The collapse of large companies such as Enron and WorldCom, Seiko global, Sunbeam, Tyco, and creating essential and losses many investors and stakeholders of the system Weak corporate governance has been at the international level. Following the collapse of Enron and other similar cases, countries around the world quickly responded with similar incidents.

The impact of corporate governance mechanisms on management decisions about a product such as profit management is important. Regulatory authorities are always committed to improving the quality of financial reporting by using practices such as the requirement for corporate executives to verify what they are reporting to, strengthening and developing corporate governance standards and increasing the independence of auditors.

Types of systems Corporate Governance

Effort for the floor Classification system - corporate governance has always been a problem. However, one of the best efforts Floors Famous system, system intra-organizational and outsourcing, which is more acceptable to the owner Has the opinion Inline and outline organization, Effort Used to describe two types of corporate governance show. This dichotomy of corporate governance, Due to the difference between the culture System and system there are legal ones. However, countries are trying to make this difference and maybe the sovereignty of the company they are coming closer together globally.

Management risk (the risk)

The risk is the possibility of an incident, illness or loss that we constantly face. Such risks on the road, at work, home, and we're constantly working to avoid them, or to minimize. The risk management process is about designing, organizing and determining the path of an application that identifies, evaluates and ultimately controls the risk. In fact, risk management is the same as risk management, and risk management involves identifying, evaluating and rating Risk taking Different. Risk assessment One From Pillars Risk management and goal It's Size Take Risk The On Index basis S Different From Such as amount effect And Possibility Occur And the results of this precise step It's better to be It can be said that the risk management process is carried out with a higher degree of certainty Is.

Stages of risk management

Stage One: Creating a suitable background

To manage the risk, it should be determined how these risks are managed. Economic, political and legal issues must be considered for risk management. Usually there are different stakeholders with different needs. Therefore, it is necessary to respond adequately to the needs of these individuals.

Second Phase: Risk Identification

There are many methods for identifying risk, and these methods are combined. At this stage, after reviewing the processes and activities required and the role of individuals in doing so, and taking into account job descriptions of individuals, we are identifying risks. When performing these tasks, they may occur and list them. And we look at the likelihood and severity of the risks. It is logical to manage it properly immediately after identifying the risk. The usual approach to considering unwanted events is to pay attention to events after the occurrence.

Step Three: Risk Analysis

After identifying the risk, an analysis will be carried out to determine the activity to reduce it. Ideally, the risk is eliminated, but this goal is usually not achievable and efforts should be made to reduce them. The likelihood and severity of the risk should be considered.

Step Four: Dealing with Danger

A range of choices is available to deal with clinical hazards. decision Take should On Basis cost Financial Confront With the danger And cost Potential Compensation It's the danger, Steady Is. cost Avoid From one the accident Intense but Rare possible Is a lot more From Thousands of incidents are mild .

Stage Five: Assessment of risk management

At this stage, the effectiveness of the approaches used to identify, analyze and manage risk is reviewed and evaluated. The role of clinical audit in this stage is essential because the management standards are determined and monitored to determine the degree of compliance with these standards. After determining the difficulty, it is important that you have a medium with at least a blame "low blame" So that people can honestly express their opinions and make suggestions on how to reduce their risk in the future.

RESEARCH METHODOLOGY

This research, an experimental research in the field of AD research is based on factual information discern the positive accounting financial statements of companies listed in the Tehran Stock Exchange. This descriptive correlational research and applied research in which to approve or reject the assumptions of the Company's historical data and statistical methods were used. In addition, library studies in relation to the theoretical foundations and theoretical concepts and review records is done. Based on information gathered through the data, verify hypotheses and test results to the entire population to be generalized. In this study the relationship between independent variables and the dependent variable AH using regression models examined was.

The population of the study, 87 of the companies listed company on the Stock Exchange during ۲۰۱۳ to ۲۰۱۷ are certain to find relationships between variables of the test, regression analysis, significant test T And meaningful test F Will be used. In this study was to test the hypothesis of statistical software Eviews May be used .

Theories

Risk management has a significant impact on corporate governance

Risk management has a significant impact on the company's performance

Corporate governance has a significant impact on corporate performance

Model estimation results

Variable descriptive statistics Research

In order to better understand the nature of society this study has been studied and more familiar with the research variables before data analysis Statistical data, this data is required to be described.

In the table (1) Indicator Central and dispersion are shown. The average is the most widely used central index Is. Simple the most significant dispersion index is the range of changes that difference is between the largest and the smallest amount of data. The most widely used dispersion index, standard deviation that is, it gets rid of variance Is.

Table 1. Descriptive statistics of research variables

Research variables	Number	average	Middle	The minimum	Maximum	Standard deviation
Risk management	87	0/010	0/032	2.46-	2.56	0/992
Corporate governance	87	0/ 038-	0/109-	3.31-	2.222	0/971
company's performance	87	0005/0	0/044	2.55-	4.41	1.04

Test t Student to investigate the impact of variables

Due to the fact that all the questions with the options of the whole five-point Liker so may be measured for each of the variables stated the following hypothesis.

H_0 : $\mu \leq$ (No impact of variable)

H_1 : $\mu >$ (Impact of variable)

The results of the survey are presented in the following table:

Table 2. Test t Single sample

	Test value = 3				
	T	Degrees of freedom	Significance level	95 % confidence level	
				Bottom limit	upper line
Risk management	6/13	290	0/000	0/96	1/16
Corporate governance	03/11	290	0/000	0/74	/96

The above table shows that the variables of the sample surface are desired. Because of the significance level of less than 0.05, and according to the statistics t which is more than 1.96 and Is positive. And given that the 95% confidence interval includes zero is not therefore reject the null hypothesis, and the first condition is desirable for all variables and the respondents, the impact between risk management and corporate governance is significant.

The main hypothesis of the study

Normal distribution of data

For the analysis and selection of appropriate test, it must first be examined normal distribution of data. If the data have a normal distribution of test parametric and non-parametric tests used otherwise. One of the known tests to assess the normal distribution of data, Kolmogorov - Smirnov (KS) Is. Kolmogorov-Smirnov to comply distribution, the cumulative probability values in a data set with the same cumulative probability distribution of values in a particular theoretical comparison. If the difference is large enough, this test will show that your data does not match with the theoretical distribution. In this test if the benchmark decision (Sig) or less than 5% significance level the null hypothesis is rejected, the data cannot have a specific distribution like normal. The results of the review of the normality of the research variables are presented in the following table.

Table 3. Results of the Kolmogorov-Smirnov test (KS)

	Risk management	Corporate governance	Function

Number	87	87	87
The statistics Z	1/351	1/217	1/091
Sig	0/052	0/104	0/307

Due to the significance level of 05/0 in all the variables, So assuming normal distribution of data to be clearance. So in order to examine the hypothesis of relationships between variables may be parametric tests such as Pearson correlation and multiple regression can be used.

Testing hypotheses

Review the first hypothesis

Pearson's correlation coefficient was used to investigate the above hypothesis that the results in Table (4) Visible.

H_0: There is no significant difference between risk management and corporate governance

H_1: There is a significant difference between risk management and corporate governance

Table 4. Pearson correlation test the hypothesis

		Risk management	Corporate governance
Risk management	The correlation coefficient	1	0/49 **
	Significance level		0/000
	Number	87	87
Corporate governance	The correlation coefficient	0/49 **	1
	Significance level	0/000	
	Number	87	87

Table results (4) Shows that due to the significance level of 0.000, which is less than 05/0, enterprise risk function at the level of 99% is significant. Since the correlation coefficient is positive, the relationship between the two variables is the place with the increase (decrease) one, also increase (decrease) is. The intensity of this relationship is equal to 49/0. Therefore, the null hypothesis is rejected and is assuming a clearance.

Study of the second hypothesis

Pearson's correlation coefficient was used to investigate the above hypothesis that the results in Table (5) Visible.

H_0 : There is no significant difference between risk management and firm performance

H_1 : There is a significant difference between risk management and firm performance

Table 5. Pearson correlation test the hypothesis II

		Function	Meditation of danger
Function	The correlation coefficient	1	- 0/54 **
	Significance level		0/000
	Number	87	87
Risk management	The correlation coefficient	- 0/54 **	1
	Significance level	0/000	
	Number	87	87

Table results (5) Shows that due to the significance level of 0.000, which is less than 05/0, between performance and risk management impact is significant at a confidence level of 99%. Since the correlation coefficient is negative, the relationship between the two variables is inverse to the severity of this issue - 0/54 is. So assuming a null hypothesis is rejected and confirmed Yi in the lead.

Study of the third sub hypothesis

To investigate the hypothesis above Pearson's correlation coefficient was used. The results in table (7) is visible.

H_0: There is no significant relationship between corporate governance and corporate performance

H_1: There is a significant relationship between corporate governance and corporate performance

Table 7. Pearson correlation test the hypothesis third

		organization `s performance	Corporate governance
Staff performance	The correlation coefficient Significance level Number	1 87	-0/52 ** 000/0 87
Corporate governance	The correlation coefficient Significance level Number	-0/52 ** 000/0 87	1 87

Table (7) show that due to the significant level of 0.000, which is less than 05/0, the relationship between performance and human capital at a confidence level of 99 percent can significantly vary. Since the correlation coefficient of rejection, the relationship between two variables reverse the intensity of the relationship of -0/52 that is. So assuming a null hypothesis is rejected and confirmed Yi in the lead.

The results of regression analysis

The results of analysis of variance (ANOVA)

The linear relationship between variables in the regression analysis of variance of the lead. The hypothesis of this test include:

H_0: The relationship between variables is not linear

H_1: The relationship between variables is linear

Table 8. Anova's Analysis

	Total capacity of the second	Degrees of freedom	Average power of the second	F	Significance level
Regression equation	91/17	4	47/4	43/14	000/0
Error value	77/88	286	31/0		
Total	69/106	290			

Given that level of significance , foot Yi of more than 01 /0 M of the linear relationship between the variables in the regression at the level of 95 percent was significant and showed the of the regression model is a good model .

Results for general coefficients of regression

The following table of coefficients of the regression results show of the show:

Table 9. Regression coefficients

Correlation Coefficient (R)	Coefficient of determination (R^2)	Adjusted coefficient of determination	Camera - Watson
0/679	0/461	0/452	2 .054

Since the Durbin - Watson in the range between 5/1 and 5/2 are located, are to be concluded that the observations are independent from each other. Multiple correlation coefficient (R) between 0 and +1 the of May and in the study of 0/679 is. Amount of coefficient of determination (R^2) Indicates of the show that about 46 percent of the dependent variable changes the performance of the staff of the independent variables are to be; and the remaining 54 percent depends on other factors.

RESULT MAKING

Basic the most important part of the process of research, thus making that is important. because it can be the basis for resolving the problem of existing or improve the existing situation to the desired situation. Of course, the best Results only through access to information and the correct computation takes place. Those in the financial sector activities that require financial information

According to tests carried out, can be the result of making the mechanism of corporate governance (institutional ownership, tenure, managing Director and CEO duality) positive and significant relationship between the risk. It also showed that there is a significant but negative impact between corporate risk management and corporate governance.

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