INVESTIGATING THE RELATIONSHIP BETWEEN INSTITUTIONAL OWNERSHIP WITH FINANCIAL POLICIES AND PERFORMANCE OF LISTED COMPANIES IN TEHRAN STOCK EXCHANGE

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Abstract

According to agency theory, "institutional owners" may reduce conflicts of agency through the monitoring of management measures and improve company performance. Institutional owners given ownership of significant proportion of company's shares have considerable influence in the investee companies and can affect their policies and procedures. They have motivates and also the expertise and resources needed to monitor the company. Hence, objective of this study is investigating the relationship between institutional ownership with financial policies and performance of listed companies in Tehran Stock Exchange. Thus it have been selected a total of 90 companies for the period 2006 to 2010. Pearson correlation and multiple regression analyzes were used in order to achieve the research objectives. The results show that institutional ownership has positive and significant relationship with dividend policy and have negative and significant relationship with financial leverage. There is negative relationship dividend policy and financial leverage. Also Results showed that there is positive and significant relationship between institutional ownership and performance using two criteria ROE and Tobin's Q. there isn't significant relationship between institutional ownership and ROA.

Keywords: Institutional Ownership, Dividend Policy, Financial Leverage, Agency Theory, Financial Performance

1. Introduction

With separation of ownership from management, the rise of securities markets and group of professional managers was introduced a new approach with name of the company as a social phenomenon. This is caused a conflict of interest between managers and owners. Composition of shareholders may be different in various countries. But shareholders can have a major role in corporate governance; therefore their different combination has different effects on corporate policies and performance, as well as the reflection of the company information.

Method of monitoring management performance of companies can also vary according to the type of property. In the meantime, what most attracts attention is the growing presence of institutional investors in the circle of owners of public held companies and effect that the active participation of the group can also have on the governance and a trustee of the organization and their performance. Institutional shareholders have directly the potential to influence the activities of managers through ownership and indirectly through their stock exchanges. It is thought that the presence of institutional investors may lead to a change in

corporate behavior. This stems from advantage monitoring investors. In other words, institutional investors with respect to the ownership of a substantial portion of the company's shares had considerable influence in the investee companies and have the potential to influence the activities and policies adopted by the managers. So expect there is reasonably relationship between ownership of this type of investment and financial policies and the performance of companies.

2. Literature Review

With separation of ownership from management, managers as a representative of the owners (shareholders) manage the company. With formation of the agency relationship is caused a conflict of interest between managers and shareholders. This means that managers with opportunistic behavior may make decisions to their own interests and contrary interests of shareholders. The need for corporate governance is caused by potential conflicts of interest between people in the structure of company. Berl & Minz (1932) stated that lack of corporate governance mechanisms enables the administrator to move their personal interests rather than the interests of shareholders. Many groups have influence on corporate governance. Meanwhile shareholders and especially institutional investors play an important role. Institutional investors will represent one of the mechanisms of corporate governance. In accordance with Bush: institutional investors are large investors such as banks, insurance companies, investment companies, pension institutions, etc (Bush, 1998).

According to agency theory, institutional investors are pressured companies to pay more benefits (Zeckhauser, Pound, 1990). They prefer to pay profit to maintain cash because individuals within the organization may lose their free cash (Jensen, 1986). In other words, shareholders, to deal with the loss of surplus funds and reduce agency costs are forcing management to further distribution of dividends. As a result of this theory, the demand for distribution of dividend will increase by increasing in institutional ownership. Against theory signaling (messaging) states that dividends declared to market contain new information and managers can use from dividends to sign and deliver good news to shareholders (Aharony & Swary, 1980). Accordingly presence of large shareholders may reduce use of dividend as a sign for the good performance of the company because these shareholders are valid sign (and even better than dividends) (Zeckhauser, Pound, 1990). Under this view, institutional ownership and dividend payments have a negative relationship and by increasing institutional ownership and their concentration reduced dividend distribution.

According to agency theory literature, greater use of debt in the capital structure of the company is introduced as a way of reducing the cost of agency, because greater use of debt in the capital structure of the company, by reducing the need for financing through equity reduce the conflict of interest between managers and shareholders (Jensen & Makling,1976). According to this theory, institutional investors by increasing company financial leverage will reduce agency costs; also prevent surplus funds that management may waste (Easterbrook, 1983). Thus it is anticipated that a relationship exists between institutional ownership and financial leverage.

In relationship with institutional ownership and performance, efficient monitoring hypothesis states that institutional investors have more skill and compared to minority shareholders have more ability to manage and monitor. As a result of this argument can be predicted positive relationship between institutional ownership and firm performance.

Against efficient monitoring hypothesis, interest conflict hypothesis implies that due to profitable business relationships (useful) with investee companies, institutional investors to vote inevitably move towards management. Therefore, according to this hypothesis, managers and institutional owners use from mutual cooperation (Pound, 1998).

3. Research Background

Asadi & Khoram (2010) examined the relationship between capital structure and ownership structure in listed companies From Tehran Stock Exchange. To test the hypothesis using panel data, trying to provide four templates for variables defined. Empirical evidence shows that there is negative and significant relationship between capital structure and ownership structure (institutional ownership). According to the results although it is unclear the existing capital structure is ownership structure (institutional ownership) or vice versa. (gilaninia et al 2012)It seems necessary to consider investors and creditors both capital structure and ownership structure at the time of decisions according to investment and accreditation.

Mehrani & et al (2009) by selecting a sample of 110 companies listed in Tehran Stock Exchange for a period of years (1996- 2007) examined the relationship between capital structure and factors such as the rate of return on assets, earnings volatility, percent dividing the profit, size and .... The results of testing research hypotheses indicate that about 66 percent changes in financial leverage are explained by mentioned independent variables.

Hashemi & Bekrani (2010) investigated the impact of ownership structure and corporate governance on listed companies' capital structure decisions In Tehran Stock Exchange. To analyze data were used and developed three models of regression. The results of the analysis of the data suggest that there is significant relationship between the company's capital structure decisions with ownership structure and corporate governance.

Ashrafi (2010) studied relationship of the company's strategic mechanisms with capital structure. In this research have been studied the interaction effects of financial leverage and strategic mechanisms. The results of this research indicate that there is a significant relationship between institutional ownership as a mechanism of corporate governance and capital structure.

Ghalibaf & Rezaei (2007) in their paper studied the influence of composition of the board on the performance of the companies listed in Tehran Stock Exchange. In this paper the ratio of outside members in board of directors as the independent variable are the measure of composition of the board and company performance as the dependent variable is measured by measures the rate of return on equity, net profit margin, mean of growth in sales and mean of growth in net profit. Results of this study show that there is significant relationship between ratio of outside members and any of the performance criteria.

Guo & Ni (2009) examined relationship between institutional ownership and dividend policy. The findings of the survey of industrial enterprises in America in period 1980 to 2002 suggest that the amount of profit has a direct relationship with institutional ownership.

Kouki and Guizani (2009) (biabani et al 2012_studied the impact of ownership structure on corporate dividend policy in Tunisia. Research findings suggest that firms with concentrated ownership distribute greater profits. There is negative and significant relationship between institutional ownership . (biabani et al 2012) say the level of dividends distributed and the relationship between dividend policy and state ownership is positive.

Wiberg (2008) in a study examined the relationship between institutional ownership and dividing the profit policy in 189 Swedish companies. The findings show that there is positive relationship between institutional ownership and dividend paid.

Abdelsalam et al (2008) examined the impact of composition of directors board and ownership structure on dividing the profit policy. In This regard, 5 Egyptian companies in period 2003 to 2005 were studied. The study results suggest that companies with rate of return on equity and more institutional ownership divide more profits.

Truong and Heaney (2007) in survey of companies available in 37 countries found a positive relationship between institutional ownership and dividend paid. Thus, at lower levels of ownership, institutions have greater tendency to a proactive monitoring management and there is less need to receive dividends for controlling agency costs. Accordingly agency

problems created by increasing of ownership institutional investors and require the payment of dividends and the external monitor become more.

4. Research Methodology

The present study is one of applied research and scientific research. In terms of time can be performed sooner fundamental research.

• They are generating income and therefore have more fans.

• They are doing mainly by public and private organizations and companies.

Since the present study is to investigate the relationships between variables, Therefore method of this study is exploratory of correlation type. So to test the research hypotheses using a library studies material required is collected about literature review and to confirm or reject the hypothesis is used correlation tests.

According to the principles proposed, research hypotheses are expressed in the following:

Hypothesis1: there is relationship between institutional ownership and dividend policy.

Hypothesis2: there is relationship between institutional ownership and financial leverage.

Hypothesis3: there is relationship between financial leverage and dividend policy.

Hypothesis4: there is relationship between institutional ownership and company performance (ROA).

Hypothesis5: there is relationship between institutional ownership and company performance (ROE).

Hypothesis6: there is relationship between Institutional ownership and company performance (Tobin's Q).

Data for the study was obtained from the following sources:

1. Data of Tehran Stock Exchange during the five-year period, from 2006 to 2010 through annual reports.
2. The use of databases related from various sources, including software of Rahavard Novin 3, Dena share and Tadbir Pardaz.

All companies listed in the Tehran Stock Exchange is statistical population in this study due to the application of the results in the review of securities that have been active in stock exchange from 2006 to 2010 and have the following features:

1. In order to comply with the same reporting date and remove the seasonal effects, financial period is leading to the end of Iranian calendar (12/29).

2. Complete company information and notes accompanying the financial statements are available.

3. Equity is not negative in the period under review.

4. The company's stock market value is available at the end of period.

5. Companies during mentioned financial year are not losing.

6. The stop stock symbol doesn't be more than 6 months.

7. It doesn't be component of finance and credit institutions, investment and leasing because these companies have different structure than other companies.

According to above limitations were found the number of 90 companies.

Hence, it were examined total 90 companies and didn't sampling. Since the companies studied in this research are 90 companies in years of 2006 to 2010, ie 5 years, therefore the number of sample variables are 450 firm-years.

Research model and its variables are as follows:

4.1. Independent Variable

Institutional ownership: it is ratio common stock held by institutional investors to total stock of the company. In this study, ownership of institutional shareholder in the company is calculated from total percentage of ownership different types of rights institutional investors in the company and is used by IO index in the research model.

4.2. Dependent Variable

4.2.1. Dividend Policy

It is the ratio of dividend profit of per share to profit of per share that is used with DIV index in research. This ratio is most common indicator of dividend policy. Dividend policy is considered as the dependent variable in this study.

DIV=DPS/EPS

4.2.2. Financial Leverage

It is ratio total liabilities to total assets that are shown with LEV index in research model.

LEV = TD / TA

4.2.3. ROA Ratio

It is net profit ratio after tax to total assets that obtained from multiplying net profit by sale and sale by assets and is shown with ROA index in the research model.

ROA = NI / TA

4.2.4. Return on equity ratio

It is obtained by dividing the net profit after tax by equity and is shown with ROE index in the research model.

ROE = NI / Equity

4.2.5. Tobin's Q Ratio

simple Tobin's Q is used in this study, that obtained by dividing the market value of the common stock of the company plus book value of debt by book value of assets.

Q= (BVD+FVS)/BVA

The variables were controlled in this study, including profitability, growth and firm size which defined as follows.

4.2.6. Profitability

It is obtained by dividing the net profit by net sales and is shown with by PRO index in the research model**.**

PRO = NI / NS

4.2.7. Company Growth

It is percentage change in total assets of the company at end of year t to year t-1 and is shown with growth index in the research model.

Growth = (Asets t - Asets t-1)/ Asets t-1

4.2.8. Company Size

It is the natural logarithm of total assets and is used with size index in the research model.

SIZE=LN (TA)

4.3.Methods Used For Data Analysis

With regard to the study in term of method and nature is correlation and according to subject of research and hypotheses, thus the Pearson correlation and regression and analysis of variance is used to statistical analysis.

Normality of the data is one of the assumptions of regression. To test the normality of data is used Kolmogorov - Smirnov test. Durbin-Watson statistic is used to this test.

In This study to analyzed data collected is used in the basic financial statements of the companies selected in the sample of by specialized software SPSS and to classify raw data to processed data (information) based on statistical analysis is used an Excel spreadsheet.

5. Research Findings

In description methods is trying that by providing tables and using measures of descriptive statistics such as indexes of central and dispersion describes the research data and with the help of these tools clarity issue. Descriptive indicators results are presented in table 1.

Table 1: Descriptive statistics of statistical population companies

Variables	Symbol	Number	Minimum	Maximum	Mean	Standard deviation
Institutional ownership	IO	450	0.10	0.99	0.757	0.174
Dividend policy	DIV	450	0.000	1.44	0.745	0.272
Financial Leverage	LEV	450	0.103	0.924	0.594	0.158
Return on assets	ROA	450	0.001	0.627	0.147	0.106
Return on Equity	ROE	450	0.006	0.841	0.350	0.172
Tobin's Q	Q	450	0.244	3.955	1.388	0.580
Profitability	PRO	450	0.011	1.352	0.219	0.195
Growth	G	450	4.290	7.988	5.784	0.609
size	SIZE	450	-0.750	4.804	0.178	0.326

Test for a normal distribution (K-S)

For Regression testing is required that dependent variable is normalized, for this purpose is used the Kolmogorov-Smirnov test (KS). Level of significance of this test is 5%. According to Table (2) because the significance level of all the variables is 5%, thus data distribution is normal. Finally H_0 is rejected.

H_0: distribution of variables is normal.

H_1: distribution of variables isn't normal.

Table (2): K-S test and the significance level of this test

variable	Institutional ownership	Dividend policy	Financial Leverage	Return on assets	Return on Equity	Tobin's Q	Profitability	Growth	Size
Symbol	**IO**	**DIV**	**LIV**	**ROA**	**ROE**	**Q**	**PRO**	**Growth**	**SIZE**
Number	450	450	450	450	450	450	450	450	450
Mean	.757	.745	.594	.147	.350	1.38	.219	5.784	.178
Standard deviation	.174	.272	.158	.106	.172	.580	.195	.609	.326
Most Extreme Differences: Absolute	.135	.107	.072	.123	.050	.154	.156	.075	.179
Most Extreme Differences: positive	.097	.072	.034	.123	.050	.154	.156	.075	.179
Most Extreme Differences: negative	-.135	-.107	-.072	-.091	-.024	-.128	-.143	-.036	-.167
Kolmogorov-Smirnov Z	1.346	1.35	1.25	1.50	1.05	1.02	1.130	1.52	0.992
sig	0.090	0.052	0.086	0.20	0.233	0.243	0.149	0.119	0.279

The correlation between the variables

In following correlation matrix is calculated Pearson correlation between dependent and independent variables. Correlation coefficients of variables are written as null and alternate hypothesis.

$$\begin{cases} H_0 : B = 0 \\ H_1 : B \neq 0 \end{cases}$$

Table 3: Pearson correlation table

variable		symbol	IO	DIV	LIV	ROA	ROE	Q	PRO	Growth	SIZE
Institutional ownership	**Coefficient**	**IO**	1								
	Sig										
Dividend policy	**Coefficient**	**DIV**	0.287	1							
	Sig		0.000								
Financial Leverage	**Coefficient**	**LIV**	-0.134	-0.241	1						
	Sig		0.004	0.000							
Return on assets	**Coefficient**	**ROA**	0.142	0.250	-0.688	1					
	Sig		0.003	0.000	0.000						
Return on Equity	**Coefficient**	**ROE**	0.127	0.188	-0.179	0.762	1				
	Sig		0.007	0.000	0.000	0.000					
Tobin's Q	**Coefficient**	**Q**	0.147	0.203	-0.282	0.585	0.586	1			
	Sig		0.002	0.000	0.000	0.000	0.000				
Profitability	**Coefficient**	**PRO**	0.026	0.195	-0.575	0.658	0.433	0.358	1		
	Sig		0.582	0.000	0.000	0.000	0.000	0.000			
Growth	**Coefficient**	**Growth**	-0.078	0.019	0.142	-0.086	-0.046	-0.206	0.113	1	
	Sig		0.098	0.682	0.002	0.068	0.325	0.000	0.017		
Size	**Coefficient**	**SIZE**	-0.041	-0.010	0.091	0.091	0.192	0.112	0.220	0.087	1
	Sig		0.386	0.836	0.055	0.054	0.000	0.017	0.000	0.066	

The value of significant level obtained for variables (dividend policy and institutional ownership) is equal to 0.000 and because p= 0.000 <0.05 is concluded that there is relationship between dividend policy and institutional ownership and because r=0.278 and 0<r<1 can be concluded that correlation is direct.

The value of significant level obtained for financial leverage and institutional ownership is equal to 0.004 and because p= 0.004 <0.05 is concluded that there is relationship between financial leverage and institutional ownership and because r= -0.278 and -1<r<0 can be concluded that correlation is reverse.

The value of significant level obtained for financial leverage and dividend policy is equal to 0.000 and because p= 0.000 <0.05 is concluded that there is relationship between financial leverage and dividend policy and because r= -0.241 and -1<r<0 can be concluded that correlation is reverse.

The value of significant level obtained for variables (ROA and institutional ownership) is equal to 0.003 and because p= 0.003 <0.05 is concluded that there is relationship between ROA and institutional ownership and because r= 0.142 and 0<r<1 can be concluded that correlation is direct.

The value of significant level obtained for variables (ROE and institutional ownership) is equal to 0.007 and because p= 0.007 <0.05 is concluded that there is relationship between ROE and institutional ownership and because r= 0.127 and 0<r<1 can be concluded that correlation is direct.

The value of significant level obtained for variables (Tobin's Q ratio and institutional ownership) is equal to 0.002 and because p= 0.002 <0.05 is concluded that there is relationship between Tobin's Q ratio and institutional ownership and because r= 0.147 and 0<r<1 Can be concluded that correlation is direct.

The First Hypothesis Test Analysis

The first hypothesis states that: there is significant relationship between institutional ownership and dividend policy.

Table 4: Results of first hypothesis test

Variable	Symbol	B	t	P-Value	testing Linear	
					Specific values	Specific values
Constant	β	0.427	3.088	0.002	-	-
Institutional ownership	IO	0.416	5.972	0.000	0.976	1.025
Financial Leverage	LEV	-0.271	-2.711	0.007	0.573	1.746
Profitability	PRO	0.129	1.573	0.117	0.562	1.780
size	SIZE	0.024	1.155	0.249	0.921	1.086
growth	G	-0.008	-0.203	0.839	0.881	1.135
Total of regression model	F	P-Value	Durbin-Watson (D-W)	R^2 and AdjR^2		
	13.716	0.000	1.692	R^2=	0.366	
				AdjR^2=	0.124	

Value of regression F-statistic is equal to 13.716 and significance level is 0.000. This coefficient represents a significant regression of the first hypothesis at confidence interval level 95%. Also coefficient of determination and adjusted coefficient of determination of the regression indicates that independent variables along with control variables be able to distribute 12% of changes of dependent variable. Value of Durbin-Watson of the first hypothesis is equal to 1.692, since this number is among 1.5 to 2.5 so the error is normally distributed.

The Second Hypothesis Test Analysis

The second hypothesis states that: there is significant relationship between institutional ownership and financial leverage.

Table 5: Results of second hypothesis test

Variable	Symbol	B	t	P-Value	testing Linear	
					Specific values	Specific values
Constant	β	0.488	7.923	0/000	-	-
Institutional ownership	**IO**	-0.059	-1.734	0.044	0.910	1.099
Dividend policy	**DIV**	-0.060	-2.711	0.007	0.881	1.136
Profitability	**PRO**	-0.503	-16.572	0.000	0.904	1.106
Size	**SIZE**	0.050	5.310	0.000	0.977	1.024
Growth	**G**	0.101	5.645	0.000	0.944	1.059
Total of regression model	F	P-Value	Durbin-Watson (D-W)	R^2 and $AdjR^2$		
	68.799	0.000	2.021	R^2=	0.661	
				$AdjR^2$=	0.430	

Value of regression F-statistic is equal to 68.799 and significance level is 0.000. This coefficient represents a significant regression of the second hypothesis at confidence interval level 95%. Also coefficient of determination and adjusted coefficient of determination of the regression indicates that independent variables along with control variables be able to distribute 43% of changes of dependent variable. Value of Durbin-Watson of the second hypothesis is equal to 2.021, since this number is among 1.5 to 2.5 so the error is normally distributed.

The Third Hypothesis Test Analysis

The third hypothesis states that: there is significant relationship between financial leverage and dividend policy.

Table 6: Results of third hypothesis test

Variable	symbol	B	t	P-Value	testing Linear	
					Specific values	Specific values
Constant	β	0.824	6.542	0.000	-	-
Financial Leverage	**LEV**	-0.344	-3.341	0.001	0.581	1.720
Profitability	**PRO**	0.107	0.107	0.208	0.563	1.776
Size	**SIZE**	0.018	0.846	0.398	0.923	1.083
Growth	**G**	-0.010	-0.247	0.805	0.881	1.135
Total of regression model	F	P-Value	Durbin-Watson (D-W)	R^2 and $AdjR^2$		
	7.635	0.000	1.695	R^2=	0.253	
				$AdjR^2$=	0.064	

Value of regression F-statistic is equal to 7.635 and significance level is 0.000. This coefficient represents a significant regression of the third hypothesis at confidence interval level

95%. Also coefficient of determination and adjusted coefficient of determination of the regression indicates that independent variables along with control variables be able to distribute 6% of changes of dependent variable. Value of Durbin-Watson of the third hypothesis is equal to 1.695, since this number is among 1.5 to 2.5 so the error is normally distributed.

The Fourth Hypothesis Test Analysis

The fourth hypothesis states that: there is significant relationship between institutional ownership and company performance (ROA).

Table 7: Results of fourth hypothesis test

Variable	Symbol	B	t	P-Value	testing Linear	
					Specific values	Status indicator
Constant	β	0.301	7.988	0.000	-	-
Institutional ownership	**IO**	0.033	1.685	0.093	0.903	1.107
Dividend policy	**DIV**	0.022	1.704	0.089	0.866	1.154
Financial Leverag	**LEV**	-0.295	-10.840	0.000	0.563	1.775
Profitability	**PRO**	0.210	9.453	0.000	0.559	1.790
size	**SIZE**	-0.012	-2.150	0.032	0.918	1.089
growth	**G**	0.018	1.683	0.093	0.881	1.135
Total of regression model	F	P-Value	Durbin-Watson (D-W)	R^2 and AdjR^2		
	105.410	0.000	2.063	R^2=	0.767	
				AdjR^2=	0.683	

Value of regression F-statistic is equal to 105.410 and significance level is 0.000. This coefficient represents a significant regression of the fourth hypothesis at confidence interval level 95%. Also coefficient of determination and adjusted coefficient of determination of the regression indicates that Independent variables along with control variables be able to distribute 68% of Changes of dependent variable. Value of Durbin-Watson of the fourth hypothesis is equal to 2.063, Since this number is among 1.5 to 2.5 So the error is normally distributed.

The fifth hypothesis test analysis

The fifth hypothesis states that: there is significant relationship between Institutional ownership and Company performance (ROE).

Table (8) Results of fifth hypothesis test

Variable	Symbol	B	t	P-Value	testing Linear	
					Specific values	Specific values
Constant	β	0.232	2.79	0.005	-	-
Institutional ownership	**IO**	0.097	2.254	0.025	0.903	1.107
Dividend policy	**DIV**	0.066	2.347	0.019	0.866	1.154
Financial Leverage	**LIV**	0.166	2.778	0.006	0.563	1.775
Profitability	**PRO**	0.433	8.902	0.000	0.559	1.790
Size	**SIZE**	-0.035	-2.910	0.004	0.918	1.089

Growth	**G**	0.045	1.944	0.053	0.881	1.135
Total of regression model	F	P-Value	Durbin-Watson (D-W)	R^2 and AdjR^2		
	23.359	0.000	2.032	R^2=		0.490
				AdjR^2=		0.230

Value of regression F-statistic is equal to 23.359 and significance level is 0.000. This coefficient represents a significant regression of the fifth hypothesis at confidence interval level 95%. Also coefficient of determination and adjusted coefficient of determination of the regression indicates that independent variables along with control variables be able to distribute 23% of changes of dependent variable. Value of Durbin-Watson of the fifth hypothesis is equal to 2.032, since this number is among 1.5 to 2.5 so the error is normally distributed.

The Sixth Hypothesis Test Analysis

The sixth hypothesis states that: there is relationship between institutional ownership and company performance (Tobin's Q).

Table 9: Results of sixth hypothesis test

Variable	**Symbol**	**B**	**t**	**P-Value**	**testing Linear**	
					Specific values	**Specific values**
Constant	β	2.137	7.542	0.000	-	-
Institutional ownership	**IO**	0.287	1.956	0.040	0.991	1.009
Dividend policy	**DIV**	0.240	2.498	0.013	0.866	1.154
Financial Leverage	**LEV**	-0.091	-0.443	0.658	0.563	1.775
Profitability	**PRO**	0.982	5.900	0.000	0.559	1.790
Size	**SIZE**	-0.230	-5.502	0.000	0.918	1.089
Growth	**G**	0.120	1.502	0.134	0.881	1.135
Total of regression model	F	P-Value	Durbin-Watson (D-W)	R^2 and AdjR^2		
	20.623	0.000	1.784	R^2=		0.467
				AdjR^2=		0.208

Value of regression F-statistic is equal to 20.623 and significance level is 0.000. This coefficient represents a significant regression of the sixth hypothesis at confidence interval level 95%. Also coefficient of determination and adjusted coefficient of determination of the regression indicates that independent variables along with control variables be able to distribute 20% of changes of dependent variable. Value of Durbin-Watson of the sixth hypothesis is equal to 1.784, since this number is among 1.5 to 2.5 so the error is normally distributed.

Table 10: summary the results of hypotheses testing

Hypotheses	R	Adjusted R Square	Durbin-Watson	F	p-value	Result of hypothesis
There is relationship between Institutional ownership and Dividend policy.	0.287	0.124	1.692	13.716	0.000	Confirmed

There is relationship between Institutional ownership and Financial Leverage.	-0.134	0.430	2.021	68.799	0.044	Confirmed
There is relationship between Financial Leverage and Dividend policy.	-0.241	0.064	1.695	7.635	0.001	Confirmed
There is relationship between Institutional ownership and financial performance (ROA).	0.142	0.683	2.063	105.401	0.093	Rejected
There is relationship between Institutional ownership and financial performance (ROE).	0.127	0.230	2.032	23.359	0.025	Confirmed
There is relationship between Institutional ownership and financial performance (Tobin's Q)	0.147	0.208	1.784	20.623	0.040	Confirmed

6. Conclusion and Recommendations

In this study examines the relationship between institutional ownership with fiscal policy and financial performance of the companies. Results show that institutional ownership has a significant relationship with fiscal policy (dividend policy and financial leverage) and the company's financial performance and reduces agency costs and improve performance and consequently increase the wealth of shareholders and the company.

Recommendations

1. It is recommended that users of financial statements also pay attention to the shareholders in use of financial statements of companies. For example, based on the findings of this research generally companies with a high institutional ownership have better performance.
2. The presence of institutional investors led to behavioral change, therefore recommended that is provided mechanisms for given information related to shareholders to users from financial statements.

Recommendations for Future Researches

1. To measure institutional ownership is used more variable such as the years of institutional owners.
2. The role of managerial ownership in fiscal policy and firm performance as a control variable included in the model.
3. The role of institutional ownership tested in various industries separately.
4. There are various forms of performance measures. In this study was used 3 criteria including Tobin Q, return on equity and return on assets, thus it is recommended that is tested other criteria for evaluating the performance in this regard.
5. The relationship between institutional ownership and financial performance of corporates through the division of institutional investors to institutions with representatives in the board and institutions without representative in the board of directors.
6. It is recommended that are examined relationship between institutional ownership with any other variables of fiscal policy.
7. Given that banks and other financial intermediation companies were removed from the study is recommended that be investigated impact of institutional ownership on fiscal policy and the performance of the group of companies.

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