CORPORATE GOVERNANCE, OWNERSHIP STRUCTURE, CASH HOLDINGS AND FIRMS VALUE: THE CASE OF FIRMS LISTED IN TEHRAN STOCK EXCHANGE (TSE)

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ABSTRACT

The main purpose of this study is the investigation of relationship between corporate governance, ownership structure, and corporate cash holdings with value of companies listed in Tehran Stock Exchange (TSE). In this study, the variables of corporate governance, ownership structure and cash holdings are considered as the independent variable and firm value as the dependent variable and the variables of firm size, debt ratio, and sales growth and investment opportunities as control variables. The statistical population of study contains 92 firms listed in TSE during the period of 7 years from the year 2004 to 2010. Free floating, auditor quality and outsider board are considered as a proxy for corporate governance and ownership concentration as proxy for ownership structure. Ozkan and Ozkan (2004) and Opler et al. (1999) models is used to calculate cash holdings and Tobins q to measure firms value. Using regression models to test the hypotheses, the results indicate that corporate governance attributes, ownership structure, financial leverage and cash holdings have no effect on firm’s value. However, firm’s size and investment
opportunities have a positive and sales growth has a negative impact on firm’s value.

**KEYWORDS:** corporate governance, ownership structure, cash holdings and firm value.