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Investigating the Effects of Large Block Transactions and Ownership Nature on Non-Financial Disclosure

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ABSTRACT

Having adequate, sufficient and timely information and data is very important for investors' decision making. Processing information and allocating the asset are two fundamental tasks in the securities market and the stock price is more likely to have the nature of disclosure, information effectiveness and asset allocation efficiency. Thus, in this research, the effects of large block transactions and ownership nature on the non- financial disclosure have been investigated in the corporates accepted in Tehran Stock Exchange. Research population involves the corporates accepted in Tehran Stock Exchange for a 5-year period (2010-2014) that according to research constraints and using the systematic deletion method, the data related to 133 corporates were gathered. In this study, five main hypotheses have been suggested. To analyze the desired data and test the research hypotheses, the software of Eviews has been implemented. Results indicated that the number of large block transactions and nature of ownership are effective in non-financial information disclosure at the whole and the corporates with high transactions, those with low transactions, those in a business group and those in a diverse business group but the effect and explanatory of dependent variables by the independent ones vary at each level.

1 Introduction

Information disclosure by the corporates is one of the important tools for the managers in order to convey the information related to financial performance, and corporate direction towards investors, creditors and other beneficiaries. One of significant reasons for the information disclosure demand is the representative problems as well as information asymmetry. The corporates are more likely to disclose the information through releasing the statements, explanatory notes, and board reports. In addition, some corporates will have voluntary disclosure in addition to the information disclosure based on the related standards and laws (Pourheydari and Hosseinpour [9]). According to the positivism and representation theories, such elements as ownership structure (ownership focus, management ownership and external ownership), financial leverage, profitability and corporate size can explain the difference in the extent of non-financial disclosure

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(Taheri [12]). Since the information disclosure levels play a crucial role in creating a transparent information environment in financial markets and at the whole in economy form qualitative and quantitative viewpoints. Identifying the effective factors in the extent and quality of these elements impact is of high importance. In this paper, the effect of large block transactions and ownership nature on the non-financial disclosure has been studied.

Processing information and allocating asset are regarded as two fundamental tasks in the stock exchange and the stock price contributes the transparency, information effectiveness and asset allocation efficiency. The studies conducted in this regard have shown that the market will be successful in effective information process if the stock price is the reflective of all existing information. If the stock price reaches the highest value and can direct the asset allocation effectively, it will act efficiently and appropriately. Therefore, the information effectiveness is the requirement for the performance productivity. Information costs are high and prices reflect the information form the informed transactions. Accuracy of prices depends on the number of informed transactions. Since the institutional investors enjoy more advantages in finding and analyzing the information sources than the individual ones, their business behavior is more logic. With respect to the rapid development and importance of institutional investors, their impact on the information effectiveness has attracted the attention of many researchers and investors (Pan and Zhu [8]).

Few researchers like Keim and Madhavan [4] have stated that large transactions have more information and more impact on the stock price than the small ones; in fact, the relationship between the transaction size and stock price is positive and large transactions, especially block purchases have a significant effect on the stock return. The main reason to emphasize the voluntary disclosure and transparency is to consider these two components as the fundamental aspects to sustain the stockholders' benefits. Complete disclosure approaches along with transparency in the financial reporting can establish the certain circumstances while assuring the protection of stockholder benefits. Also, the studies have demonstrated that the voluntary disclosure has a positive effect on the corporate performance and the protection of stock holders and beneficiaries" benefits. In other words, lack of information transparency and ambiguity in reporting may lead to distrust and immoral behaviors causing the decreased corporate value (Madhani [6]).

Non-financial disclosure includes various aspects of performance in relation to working practices, protection of human rights, product liability and environmental management measures so that it is necessary to conduct further researches on the identification of non-financial disclosure performance form cultural viewpoint. Nowadays, plenty of investors have been interested in non-financial disclosure to assess and investigate the desired corporate more precisely (Skouloudis et al. [11]).

In this respect, few countries have ratified mandatory requirements for large corporates concerning the non-financial disclosure. For example, in France, Spain, Netherlands, England, Sweden and Denmark, regulatory requirements have been defined to develop the convention-

al accounting domain and corporate reporting involving the non-financial performance. Thus, non-financial disclosure defined as a valuable legal tool is able to reduce the social concerns and satisfy the stockholders' predetermined expectations with an interventional impact (Skouloudis et al. [11]).

Accordingly, the impact of large transactions and owner's nature is studied on the non-financial disclosure. This research tries to answer the following question.

Whether the large block transaction and owner's nature can affect specific corporate information concerning the non-financial disclosure or not?

Annul corporate reports have to be annually prepared and it is expected to provide useful information for the users and contribute to make final decisions. Based on the existing changes in the business models, financial sector cannot meet the information needs of beneficiaries alone. Consequently, the people and various groups seek to use the non-financial sections of reports for a more comprehensive information disclosure. It may result in making more expertized and optimized decisions and avoid sharp stock price fluctuations. So far, the relationship between large block transactions and ownership nature with non-financial information disclosure in the corporates accepted in Tehran Stock Exchange, Iran has not been studied; therefore, current research is different from other studies from the perspective of topic, sample and period and it is essential to be conducted with regard to the importance of disclosure.

2 Theoretical Frameworks

A variety of theories such as political economy, legitimacy and stakeholder have been presented to explain the corporate incentives for non-financial information disclosure. These theories have been summarized in the following.

Political economy theory: it is widely used in the researches on environmental and social information disclosure and it suggests that the survival of an organization requires the protection and support of community where it acts as a social convention. If it is seen that the organization is involved in inappropriate social activities, the society refuses to accept it and the rejection results in destroying the organization (Mahdavi et al. [7]).

Legitimacy theory: according to this theory, the business units seek to know whether their measures are legitimized from the viewpoint of those outside the organization or not. In general, it proposes that social information disclosure is the duty of the corporate under the social or political pressure. For example, the corporates under more pressure are more likely to disclose more information (Mahdavi et al. [7]).

Stakeholder theory: it states that the stakeholders are rightful and beneficiary in relation to the activities of an economic organization. Accordingly, the management has to run the organization in a direction to maximize the benefits of all the stakeholders. The stakeholders significantly pay attention to the environmental and social issues in a corporate. Investors and financial analysts to assess the total performance and estimate the environmental dangers, the

governments to perform the environmental laws and customers to protect their rights need environmental and social information. Manager's incentive for the information disclosure is to demonstrate the corresponding of corporate measures and expectations to the beneficiary groups (Mahdavi et al. [7]).

Economic disclosure outcomes: Previous researches on the economic disclosure outcomes mainly focus on more information disclosure in such developed countries as America with a stronger mandatory mechanism. In this respect, the corporates concentrate on the implementation of mandatory disclosure requirements and extra information disclosure in the public as a disclosure basis. Experimental disclosure results primarily are in accordance to the predictions of financial theory; more general information enhances the corporate value with the decreased capital costs or increased cash flows belonging to the stockholders. Furthermore, it has been suggested that the disclosure types are vital for the analysts as the respondents are indifferent to them (Botosan, et al. [2]).

In Fig. 1, a research conceptual model involving the relationships between the research variables has been demonstrated on the basis of mentioned theories. Dependent variable in this study is the non-financial disclosure and independent variables are the number of block transactions and owner nature. In order to control other variables which somehow are effective in analyzing the research case study, the required controlling variables including market value to book value ratio, SOE, turnover, financial leverage, block transactions value, corporate size, auditing quality and return variance have been determined with respect to the studies done by Pan and Zhu [8] and Skouloudis et al. [11].

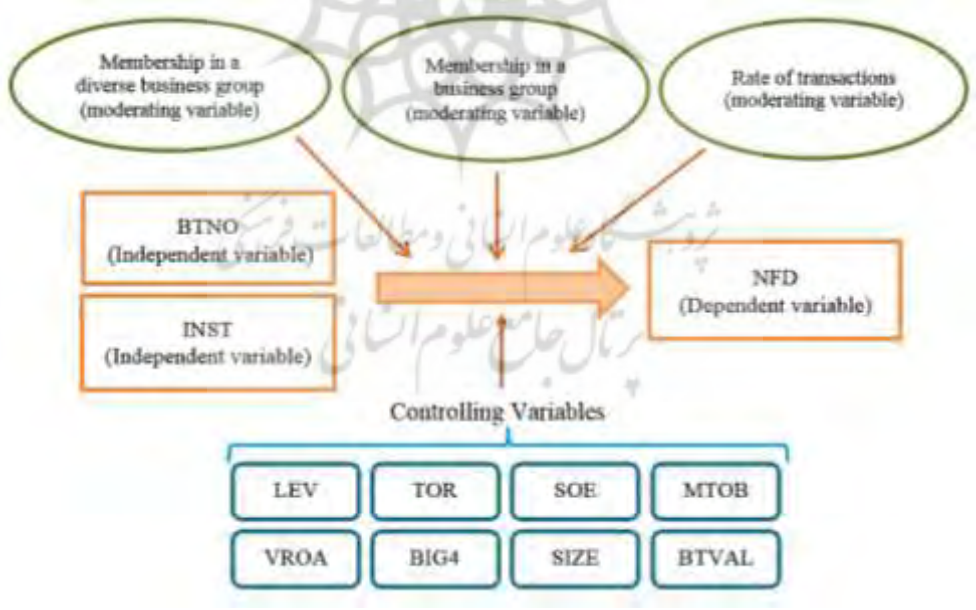

Fig. 1: Research conceptual model

3 Literature Review

Pan and Zhu [8] in a research studied the relationship between the large transactions, information asymmetry and transaction information value. Their results indicated that the large transactions can lead to the decreased information asymmetry. In large transactions, the impact of information asymmetry synchronization is of stronger impact at first half an hour in the transaction day and with the public information disclosure, its impact will be more on the synchronization.

Skouloudis et al. [11] in a research have investigated the trends and determinants of non-financial disclosure in Greece. Findings displayed that non-financial disclosure of corporates is related to the organization size, business type, profitability and international level and varies according to the corporate ownership identity; the corporates accepted in stock exchange is of more non-financial disclosure.

Sarlak and Mohammadi [10] studied the relationship between financial and non-financial features of corporate and voluntary and mandatory disclosure quality in the corporates accepted in Tehran Stock Exchange. Results have shown that there has been a positive relationship between management efficiency, corporate liquidity, profitability, financial leverage and fixed asset rate as well as mandatory disclosure quality; on the other hand, there existed a negative relationship between competition in the product market and mandatory disclosure quality.

Lotfi et al. [5] studied the relationship between financial and non-financial elements and information disclosure quality in the corporates accepted in Tehran Stock Exchange. Findings have suggested that disclosure quality is significantly related to the return on assets and operational cash flow; except the number of traded stocks and published ones, other non-financial variables have a significant relationship with the disclosure quality.

Hosseinpour [3] in his thesis entitled as effective elements in mandatory and voluntary disclosure and corporate value in the corporates accepted in Tehran Stock Exchange identified the elements affecting the mandatory and voluntary disclosure in the corporates and studied the effect of two kinds of disclosure on the corporate value during 2007-2009. Results have shown that corporate size, profitability, corporate growth, industry type, ownership structure and voluntary disclosure are significantly related. Findings related to mandatory disclosure displayed that there is a significant relationship between corporate size, profitability, corporate growth, industry type, ownership structure and voluntary disclosure. Also, it has been stated that there exists no significant relationship between voluntary disclosure and corporate value but mandatory disclosure and corporate value are significantly related.

Alodari et al. [1] investigated synchronous and dynamic relationship of turnover and stock return using VAR models in Tehran Stock Exchange during 2000-2011. Contrary to the studies conducted in the developed markets, the evidence achieved from this paper indicated that there is no positive significant correlation in the synchronous relationships between turnover and stock return. These findings led to reject the MDH in Tehran Stock Exchange. As well,

studying the dynamic relationship between two variables using VAR models has demonstrated that the turnover is the granger cause of stock return but the return is not the granger cause of turnover.

4 Research Model and Methodology

The used research method is applied in goal, quantitative in data type, sectional in execution time, inductive in run logic and descriptive, surveying and correlation type in implementation.

With regards to the data type and time-series and sectional data combination, panel data method has been applied. In this method, the stationary of variables has been first surveyed. Static test results indicated that the non-financial disclosure variables, block transactions value and financial leverage are static and other ones will be static through differentiating.

After investigating the stationary of variables, it is essential to specify the estimate method (pool or panel). Therefore, F-Limer test has been utilized. The calculated F-Limer statistic showed that panel method has to be used to estimate the model.

Hausman test is implemented to determine the fixed effect model (FEM) in front of random effect model (REM) in panel data method. Hausman test has been estimated on the basis of the presence or absence of a relationship between regression error and independent variables. If there is such a relationship, the fixed effect model (FEM) will be used otherwise the random effect model will be applied. The output of Hausman test demonstrates that the estimated regression error is not related to the independent variables and the model is the random effect one.

4.1 Experimental Results and Data

The number of corporates accepted in Tehran Stock Exchange at the end of 2014 was given as 520 corporates involving the number of corporates leaving he stock exchange (36), the number of corporates entering the stock exchange (41), the number of corporates with a change in fiscal year during the research period (37), the number of corporates being investor and financial meditator (96), the number of corporates stopping transactions over 6 months during the research period (117), and the number of corporates not ending the fiscal year to 12/29 (59); 133 corporates have been selected as he systematic sample and for each variable, 665 data-years have been extracted to test the statistic hypotheses.

Dependent variable in this paper is non-financial disclosure which is the average of 20 items including business strategy value, strategy development, management experiences, organization landscape, management style, efficient recruitment potential, organizational force quality, motivational system, cooperation spirit among employees, innovation, market share, marketing and advertising power, reward and value creation relationship, employee performance-based payment, customer satisfaction level, after sales service efficiency, number of repeated orders, waste rate, quality awards and product life; 1 or 0 will be put for the disclosure and

non-disclosure of each item. Independent variables have been regarded as "number of block transitions- BTNO" (measured with natural log of turnover) and "nature of ownership- INST" (measured with the kept stock percent by the big investors such as banks, insurance companies and investment firms to total published stocks by the company).
In this paper, controlling variables involve block transactions value divided by traded stock value (BTVAL), corporate size (SIZE), financial leverage (LEV), return variance (VROA), market value to book value ratio (MTOB), turnover of tradable stocks (TOR) and two artificial variables (SOE equals 1 for the governmental stockholders with over 50% stocks; otherwise, it will be zero) and (BIG4 equals 1 for the audited corporate; otherwise, it will be zero).
In such cases that the sectional data are used, the assumptions of regression model, lack of autocorrelation between error sentences, variance homogeneity, non-linearity, and lack of specification error have been discussed in the following.

4.2 Lack of Correlation Test

To test the correlation between the variables, Durbin-Watson test was utilized. In current research, serial correlation LM test was applied to recognize the presence or absence of correlation showing no correlation among the hypotheses (see Table 1).

Table 1: Survey of correlation between regression equations

Model hypotheses	*Test*	*Statistic value*	*p-value*	*Correlation status*
Hyp_2	*F-statistic*	*3.146425*	*0.1011*	*No correlation*
Hyp_3	*F-statistic*	*0.2191780*	*0.8245*	*No correlation*
Hyp_4	*F-statistic*	*2.182899*	*0.1528*	*No correlation*
Hyp_5	*F-statistic*	*1.320501*	*0.5241*	*No correlation*

4.3 Variance Homogeneity Test

To examine the variance homogeneity, White test was utilized. Based on the following Table and p-value given for White test, H_0 (presence of variance homogeneity) is confirmed at the significance level more than 5% (see Table 2).

Table 2: Survey of variance homogeneity of regression equations

Model hypotheses	*Test*	*Statistic value*	*p-value*	*Variance homogeneity status*
Hyp_2	*F-statistic*	*2.818850*	*0.1488*	*Variance homogeneity*
Hyp_3	*F-statistic*	*3.695327*	*0.0725*	*Variance homogeneity*
Hyp_4	*F-statistic*	*2.273078*	*0.1472*	*Variance homogeneity*

Hyp_5	*F-statistic*	*3.229751*	*0.0521*	*Variance homogeneity*

4.4 Specification Error Test

To detect the specification error in the regression model, a variety of tests was applied. One of them was the Ramsey test. H_0 refers to the absence of specification error in the model; according to F-statistic, H_0 is not rejected and it can be stated that there is no specification error in the model (see Table 3).

Table 3: Survey of specification error of regression model

Model hypotheses	*Test*	*Statistic value*	*p-value*	*specification error status*
Hyp_2	*F-statistic*	*0.915934*	*0.3393*	*No clear bias*
Hyp_3	*F-statistic*	*2.840786*	*0.0929*	*No clear bias*
Hyp_4	*F-statistic*	*0.411889*	*0.5214*	*No clear bias*
Hyp_5	*F-statistic*	*2.944623*	*0.0539*	*No clear bias*

4.5 Estimate Findings

Current study involves 5 main hypotheses that discussed later. The summary of research findings related to the research variables is presented in Table 4. Five main hypotheses as follows:

Hypotheses 1: The number of large block transactions and owner nature affect the non-financial information disclosure.

Hypotheses 2: The number of large block transactions and owner nature affect the non-financial information disclosure concerning corporates with high transactions.

Hypotheses 3: The number of large block transactions and owner nature affect the non-financial information disclosure concerning corporates with low transactions corporates.

Hypotheses 4: The number of large block transactions and owner nature affect the non-financial information disclosure concerning the corporates in a business group.

Hypotheses 5: The number of large block transactions and owner nature affect the non-financial information disclosure concerning the corporates in a diverse business group.

In relation to each hypothesis, a model is extracted (the software output of each of the 5 models is presented in Appendix 1).

Hypotheses 1: The number of large block transactions and owner nature affect the non-financial information disclosure.

H_0: The number of large block transactions and owner nature do not affect the non-financial information disclosure.

H_1: Vice versa of H_0

Estimate results indicate that there is a direct linear relationship between the variables of owner nature, number of large block transactions and non-financial information disclosure. But the variables of block transactions value, financial leverage, the market value to book value ratio, stock turnover, governmental stockholders and auditing quality are not significantly related. Thus, H_0 is rejected for these variables with 95% confidence; in other words, number of large block transactions and owner nature affect the non-financial information disclosure.

Table 4: The summary of research findings

Testing the relationships between variables		R^2	Regression model	Result
H_1	The number of large block transactions and owner nature affect the non-financial information disclosure	0.97	$NFD_{it}=0.313830+ 0.001422BTNO_{it}+ 0.027123INST_{it}- 0.000297BTVAL_{it}+ 0.003551SIZE_{it}- 0.007002LEV_{it}- 0.164341VROA_{it}+ 6.33E-05\ MTOB_{it}+ 1.27E-08TOR_{it}+ 0.000307\ SOE_{it}+ 0.002333\ BIG4_{it}$	Confirmed
H_2	The number of large block transactions and owner nature affect the non-financial information disclosure concerning corporates with high transactions.	0.19	$NFD_{it}=0.439376+ 0.004290BTNO_{it}+ 0.053585\ INST_{it}- 0.000692\ BTVAL_{it}+ 0.001369\ SIZE_{it}- 0.076382\ LEV_{it}- 0.205538VROA_{it}- 0.001116\ MTOB_{it}+ 1.62E-07\ TOR_{it}+ 0.019653\ SOE_{it}+ 0.001596\ BIG4_{it}$	Confirmed
H_3	The number of large block transactions and owner nature affect the non-financial information disclosure concerning corporates with low transactions corporates.	0.26	$NFD_{it}=0.457640+ 8.15E-05\ BTNO_{it}- 0.052160INST_{it}+ 0.001442\ BTVAL_{it}- 0.001704SIZE_{it}- 0.057185LEV_{it}- 0.094427VROA_{it}+ 0.000245MTOB_{it}+ 1.81E-07\ TOR_{it}+ 0.004169\ SOE_{it}- 0.028946BIG4_{it}$	Confirmed
H_4	The number of large block transactions and owner nature affect the non-financial information disclosure concerning the corporates in a business group.	0.26	$NFD_{it}=0.351611+ 0.004728\ BTNO_{it}+ 0.098038\ INST_{it}+ 0.000199\ BTVAL_{it}- 0.003352\ SIZE_{it}- 0.058307\ LEV_{it}- 0.160260\ VROA_{it}- 6.25E-05MTOB_{it}+ 9.38E-08TOR_{it}+ 0.009448\ SOE_{it}- 0.011787\ BIG4_{it}$	Confirmed
H_5	The number of large block transactions and owner nature affect the non-financial information disclosure concerning the corporates in a diverse business group.	0.27	$NFD_{it}=0.396375+ 0.007547\ BTNO_{it}+ 0.074265\ INST_{it}- 0.000145BTVAL_{it}- 0.001208\ SIZE_{it}- 0.082619\ LEV_{it}- 0.095897VROA_{it}- 0.000763\ MTOB_{it}+ 1.92E-07TOR_{it}+ 0.017202\ SOE_{it}- 0.016791\ BIG4_{it}$	Confirmed

Hypotheses 2: The number of large block transactions and owner nature affect the non-financial information disclosure concerning corporates with high transactions.

H_0: The number of large block transactions and owner nature do not affect the non-financial information disclosure concerning corporates with high transactions.

H_1: Vice versa of H_0

Estimate results indicate that there is a significant relationship between the variables of owner nature, number of large block transactions, financial leverage, and market value to book value ratio, stock turnover, return variance, governmental stockholders and non-financial information disclosure in the corporates with high transactions. Therefore, there is a direct linear relationship between the variables of owner nature, number of large block transactions and non-financial information disclosure. But the variables of block transactions value, investment amount, auditing quality and non-financial information disclosure are not significantly related. Thus, H_0 is rejected; namely, number of large block transactions and owner nature affect the non-financial information disclosure in the corporates with high transactions.

Hypotheses 3: The number of large block transactions and owner nature affect the non-financial information disclosure concerning corporates with low transactions corporates.

H_0: The number of large block transactions and owner nature do not affect the non-financial information disclosure concerning corporates with low transactions.

H_1: Vice versa of H_0

Estimate results indicate that there is a significant negative relationship between the variables of owner nature, financial leverage, auditing quality and non-financial information disclosure in the corporates with low transactions. Therefore, there is a reverse linear relationship between the variables of owner nature and non-financial information disclosure. But the variables of block transactions value, investment amount, number of large block transactions, market value to book value ratio, stock turnover, return variance, governmental stockholders and non-financial information disclosure are not significantly related. Thus, H_0 is rejected at 95% confidence level.

Hypotheses 4: The number of large block transactions and owner nature affect the non-financial information disclosure concerning the corporates in a business group.

H_0: The number of large block transactions and owner nature do not affect the non-financial information disclosure concerning the corporates in a business group.

H_1: Vice versa of H_0

Estimate results indicate that there is a significant positive relationship between the variables of owner nature, financial leverage, number of large block transactions, return variance and non-financial information disclosure in the corporates in a business group. But the variables of block transactions value, investment amount, auditing quality, market value to book value ratio, stock turnover, governmental stockholders and non-financial information disclosure are not significantly related. Thus, H_0 is rejected at 95% confidence level.

Hypotheses 5: The number of large block transactions and owner nature affect the non-financial information disclosure concerning the corporates in a diverse business group.

H_0: The number of large block transactions and owner nature do not affect the non-financial information disclosure concerning the corporates in a diverse business group.

H_1: Vice versa of H_0

Estimate results indicate that there is a significant positive relationship between the variables of owner nature, financial leverage, number of large block transactions, governmental stock-

holders and non-financial information disclosure in the corporates in a diverse business group. But the variables of block transactions value, investment amount, auditing quality, market value to book value ratio, stock turnover, return variance and non-financial information disclosure are not significantly related. Thus, H_0 is rejected at 95% confidence level.

5 Conclusions and Suggestions

This paper has sought to study the effect of large block transactions and ownership nature on the non-financial disclosure. In general, the impact of variables has been investigated on the non-financial disclosure and then, it has been studied in four groups involving the corporates with high transactions, the corporates with low transactions, the corporates in a business group, and the corporates in a diverse business group. Results have shown that number of large block transactions and ownership nature affect the non-financial disclosure in five models but the effectiveness and explanatory of dependent variable by the means of independent ones vary at the mentioned levels. The adjusted coefficient of determination demonstrates the explanatory power of independent variables; it was computed as 97, 19, 26, 26 and %27 for the corporates with high transactions, the corporates with low transactions, the corporates in a business group, and the corporates in a diverse business group, respectively. In this research, five hypotheses have been proposed which were confirmed according to the calculations and estimates of Eviews; in the following, the hypotheses were summarized and concluded and afterwards, some suggestions have made in this respect.

Hypotheses 1 states that number of large block transactions and ownership nature affect the non-financial information disclosure. Findings confirmed hypotheses 1 and somehow are in accordance to the results reported by Pan and Zhu [8] who conducted a research entitled large transactions, information asymmetry and transaction information value.

Hypotheses 2 states that number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates with high transactions. Findings confirmed hypotheses 2 and somehow are in accordance to the findings found by Skouloudis et al. [11] who conducted a research entitled trends and determinants of non-financial disclosure in Greece.

Hypotheses 3 states that number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates with low transactions but they have a reverse significant impact on non-financial disclosure. Findings generally confirmed hypotheses 3 and somehow are in accordance to the findings suggested by Sarlak and Mohammadi [10] who conducted a research entitled investigating the relationship between financial and non- financial features of corporates with mandatory and voluntary disclosure quality in the corporates accepted in Tehran Stock Exchange.

Hypotheses 4 indicates that number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates in a business group. Findings confirmed hypotheses 4 and somehow are in accordance to the findings proposed by Lotfi et al.

[5] investigating the relationship between financial and non-financial elements and information disclosure quality in the corporates accepted in Tehran Stock Exchange.

Hypotheses 5 displays that number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates in a diverse business group. Findings confirmed hypotheses 5 and somehow are in accordance to the results found by Skouloudis et al. [11] who conducted a research entitled trends and determinants of non-financial disclosure in Greece.

According to research findings and results, few solutions and suggestions are presented to improve and develop future researches.

- Based on the results achieved by hypotheses 1, it can be pointed out that number of large block transactions and ownership nature are of information benefits and are able to change the non-financial information disclosure. Thus, the organizations have to identify the effective elements such as number of large block transactions and ownership nature in non-financial information disclosure and enhance the organizational performance through paying attention to these elements. All the active individuals in capital market, decision makers, financial analyzers and potential and actual investors in active corporates in stock exchange are recommended to consider number of large block transactions and ownership nature in analyzing the investment plans, evaluating the corporates and investments and assessing the heterogeneous and various risk levels and timing since taking these important elements into consideration leads to select an optimum investment portfolio with the least risk and most return. The people in charge of preparing the theoretical frameworks of financial reporting and financial accounting standards are suggested to regard the results of this research and similar ones and recognize the identification ways of such variables as number of large block transactions and ownership nature in the capital market in Iran.
- Based on the results achieved by hypotheses 2, it can be pointed out that number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates with high transactions. Therefore, the findings can be useful for the stock exchange and accounting policy makers in order to develop the disclosure requirements. Educational institutes and students are proposed to use these results in the comparative studies and other researches and investors, investment managers and financial providers are able to predict the non-financial information disclosure better in their desired corporates by the means of the research results. Finally, the analysis institutions are recommended to rank the corporates from the perspective of businesses in order to clarify the market and make better decisions in the capital market.
- Based on the results achieved by hypotheses 3, it can be referred that number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates with low transactions. Confirming H_3 can result in the conclusions and predictions to make decisions in Iranian Capital Market in terms of owner nature content. Thus, with respect to the significance of corporate governance structure and its impact on the non- financial information disclosure, it seems that further studies are able to clarify new dimensions and strengthen the related literature. Finally, the information disclosure requirement for the corpo-

rates in addition to common information may be presented as a section entitled number of businesses.

- Based on the results achieved by hypotheses 4, it can be mentioned that number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates in a business group. So, the investors are recommended to pay attention to the number of large block transactions and ownership nature in making decisions on stock purchase and sale along with other financial variables because based on the research results, number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates in a business group so that through focusing them, market efficiency is more likely to be improved. In addition to confirming the usefulness of these two elements, the mentioned findings emphasize that the role of membership in a business group can be useful for the standard makers and stockbrokers in terms of disclosure requirements through financial statements and records.

- Based on the results achieved by hypotheses 5, it can be pointed out that number of large block transactions and ownership nature affect the non-financial information disclosure in the corporates in a diverse business group. So, the students, researchers and others may clarify the effective elements in non-financial disclosure through conducting such studies. Furthermore, it is proposed to require the corporates to provide more information in addition to common one. For example, a section entitled the membership in s diverse business group is recommended. If the managers can understand these two elements, they will consider the probability of non-financial information disclosure changes and as a consequence, the changes in corporate value to make more logic decisions.

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Appendix 1

Eviews software outputs for five models are presented in this section.

Table 5: Summary of first model using data method panel during 2010-2014

Description	Variables	Sig. level	t-statistic	Standard error	coefficient	Result
Intercept	α_0	0.0000	12.82066	0.024478	0.313830	Positive
Number of block transactions	BTNO	0.0251	2.246573	0.000633	0.001422	Positive
Ownership nature	INST	0.0112	2.684382	0.010104	0.027123	Positive
Block transactions value	BTVAL	0.1506	-1.439562	0.000206	-0.000297	Insignificant
Investment rate	SIZE	0.0483	1.979016	0.001794	0.003551	Positive
Financial leverage	LEV	0.2666	-1.112046	0.006296	-0.007002	Insignificant
Return variance	VROA	0.0029	-2.992908	0.054910	-0.164341	Negative
Market value to book value ratio	MTOB	0.4213	0.804738	7.86E-05	6.33E-05	Insignificant
Stock turnover	TOR	0.5636	0.577844	2.19E-08	1.27E-08	Insignificant
Governmental stockholders	SOE	0.9186	0.102261	0.003003	0.000307	Insignificant
Auditing quality	BIG4	0.4861	0.696990	0.003347	0.002333	Insignificant
Coefficient of determination			0.973997		F-statistic	137.6937
Adjusted coefficient of determination			0.966923		Sig. level	0.000000
Durbin-Watson			2.452164			

Table 6: Summary of second model using sectional method during 2010-2014

Description	Variables	Sig. level	t-statistic	Standard error	Coefficients	Result
Intercept	α_0	0.0000	12.56318	0.034973	0.439376	Positive
Number of block transactions	BTNO	0.0481	1.984176	0.002162	0.004290	Positive
Ownership nature	INST	0.0017	3.173785	0.016884	0.053585	Positive
Block transactions value	BTVAL	0.4322	-0.786522	0.000879	-0.000692	Insignificant
Investment size	SIZE	0.6096	0.511140	0.002679	0.001369	Insignificant
Financial leverage	LEV	0.0000	-5.677486	0.013453	-0.076382	Negative
Return variance	VROA	0.0031	-2.981968	0.068927	-0.205538	Negative
Market value to book value ratio	MTOB	0.0021	-3.102330	0.000360	-0.001116	Negative
Stock turnover	TOR	0.0266	2.227194	7.28E-08	1.62E-07	Positive
Governmental stockholders	SOE	0.0014	3.218216	0.006107	0.019653	Positive
Auditing quality	BIG4	0.8255	-0.220600	0.007234	-0.001596	Insignificant
Coefficient of determination			0.210956		F-statistic	8.394993
Adjusted coefficient of determination			0.185827		Sig. level	0.000000
Durbin-Watson			1.632686			

Table 7: Summary of third model using sectional method during 2010-2014

Description	Variables	Sig. level	t-statistic	Standard error	Coefficients	Result
Intercept	α_0	0.0000	8.211234	0.055733	0.457640	Positive
Number of block transactions	BTNO	0.9830	0.021367	0.003813	8.15E-05	Insignificant
Ownership nature	INST	0.0323	-2.150077	0.024260	-0.052160	Negative
Block transactions value	BTVAL	0.3003	1.037414	0.001390	0.001442	Insignificant
Investment size	SIZE	0.6463	-0.459378	0.003709	-0.001704	Insignificant
Financial leverage	LEV	0.0087	-2.638078	0.021677	-0.057185	Negative
Return variance	VROA	0.3964	-0.849140	0.111203	-0.094427	Insignificant

Market value to book value ratio	MTOB	0.5615	0.581274	0.000422	0.000245	Insignificant
Stock turnover	TOR	0.6013	0.523046	3.46E-07	1.81E-07	Insignificant
Governmental stockholders	SOE	0.6442	0.462322	0.009017	0.004169	Insignificant
Auditing quality	BIG4	0.0019	-3.130160	0.009248	-0.028946	Negative
Coefficient of determination		0.278742		F-statistic		2.812054
Adjusted coefficient of determination		0.256819		Sig. level		0.002327
Durbin-Watson		2.486264				

Table 8: Summary of fourth model using sectional method during 2010-2014

Description	Variables	Sig. level	t-statistic	Standard error	Coefficients	Result
Intercept	α_0	0.0000	10.37053	0.033905	0.351611	Positive
Number of block transactions	BTNO	0.0403	2.057344	0.002298	0.004728	Positive
Ownership nature	INST	0.0000	5.285287	0.018549	0.098038	Positive
Block transactions value	BTVAL	0.8283	0.217059	0.000918	0.000199	Insignificant
Investment size	SIZE	0.2099	-1.255941	0.002669	-0.003352	Insignificant
Financial leverage	LEV	0.0000	-4.395954	0.013264	-0.058307	Negative
Return variance	VROA	0.0312	-2.161896	0.074129	-0.160260	Negative
Market value to book value ratio	MTOB	0.8601	-0.176364	0.000354	-6.25E-05	Insignificant
Stock turnover	TOR	0.2294	1.203814	7.79E-08	9.38E-08	Insignificant
Governmental stockholders	SOE	0.1176	1.568315	0.006024	0.009448	Insignificant
Auditing quality	BIG4	0.0960	-1.668416	0.007065	-0.011787	Insignificant
Coefficient of determination			0.281145		F-statistic	9.047771
Adjusted coefficient of determination			0.263569		Sig. level	0.000000
Durbin-Watson			1.614807			

Table 9: Summary of fifth model using sectional method during 2010-2014

Description	Variables	Sig. level	Standard error	t-statistic	Coefficients	Result
Intercept	α_0	0.0000	7.478429	0.053002	0.396375	Positive
Number of block transactions	BTNO	0.0239	2.190711	0.003445	0.007547	Positive
Ownership nature	INST	0.0223	2.294980	0.032360	0.074265	Positive
Block transactions value	BTVAL	0.9055	-0.118823	0.001219	-0.000145	Insignificant
Investment size	SIZE	0.7346	-0.339257	0.003562	-0.001208	Insignificant
Financial leverage	LEV	0.0001	-4.097875	0.020161	-0.082619	Negative
Return variance	VROA	0.3314	-0.972534	0.098605	-0.095897	Insignificant
Market value to book value ratio	MTOB	0.0757	-1.781112	0.000428	-0.000763	Insignificant
Stock turnover	TOR	0.1259	1.534062	1.25E-07	1.92E-07	Insignificant
Governmental stockholders	SOE	0.0466	1.996873	0.008614	0.017202	Positive
Auditing quality	BIG4	0.0546	-1.928281	0.008708	-0.016791	Insignificant
Coefficient of determination			0.293628		F-statistic	3.853078
Adjusted coefficient of determination			0.274690		Sig. level	0.000055
Durbin-Watson			2.398963			