Regulatory impact of concentration of ownership on the relationship between directorate performance andauditingfee.

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Summary

Due to the high impact of concentration of ownership on the auditing fee the relation between supervision on the directorate structure and auditing fees is dependent to concentration of ownership and concentration of ownership have a significant role in the relation between monitoring the directorate structure and

audit fee and increase and a decrease of concentration of ownership influences the relationship board dimensions and audit fee strongly .

The aim of this study is to investigate the impact of concentration of ownership on the relationship between institutional owners to the directorate independence and audit fee accepted companies in the Tehran stock market. In this study with using systematic removal method, a sample of 122 companies were accepted from listed companies in The Tehran stock market during the period from 2011 to 2016.

According to variables and theoretical fundamentals of research 3 hypothesis has been raised for the research and test of hypothesis were used to the method of relative economics . The result of the first to third hypothesis test showed that concentration of ownership moderates the relationship between the directorate and audit fee of listed companies in the Tehran stock market.

Keywords: corporate governance; audit fee; directorate composition; concentration of ownership; institutional owners

Introduction

Essentially, studies about   corporate   government   , has been paid attention to the subject of conflict of interests among the managers and partners [first –order representation problems]. While according to studies the ownership of shareholders are more focused because poor support from shareholders has provided motivation to collect more stock for better control on the company managers. As a result in countries with poor support from shareholders decrease first-order problems of representation . But the problems will increase mong minority and majority shareholders . [Second-order representation problems] .Though the existence of audit can be useful as a powerful defense mechanism to reducethe problems arising representations   , however the existence of independent directorate can also be influenced as another corporate governance mechanism to solve such problems. There is empirical evidence shows

independent directorate decreases the amount of administrative fraud.[rajabi and partners 2015]

Institutional shareholders from another group have an important role in the ownership structure which distinct from other owners because of great functionality professional financial analysis.

 This category of owners cares about the quality of information and due to the inherent features and special influence on management, encourages them to use high quality audit services and lead to increase of audit fee finally.[Dargahi and Pashanejad 2012].

Of course increase of such focused owners and their active monitoring on the company operations reduces costs of representation and risk of control in financial reporting decreases the auditing fee consequently..[Azadi and Mohammadi2015]

One of the effective factors of auditing fee is a combination of directorate and the existence of intra-organizational manager in the directorate.Karcelo and partners [2002] in their research realized that the relationship between directorate and auditing service may be formal or informal. The formal aspect is that directorate   chooses   the auditor for the satisfaction of shareholders and during the contract determines all the goals of auditing and recommended fee . The informal aspect of the relationship is that the existence of an efficient directorate is the reason of auditor trying to present his services with optimal quality which provides customer satisfaction and protects interests of shareholders. The result showes that directorate try to maintain his advantage reputation [fama and johnson 1983, gilson 1990], to do his legal obligations [salmon 2004] and eventually protect from interests of shareholders with high quality auditing employment. On the other hand it can be expected whatever the

quality of benefit increase it means more monitoring and more higher health reporting level and consequently, auditing as a supervisory mechanism , requires less resources .[Kasa 2014].In theory, representative control is the most important task of directorate and concentration of ownership has an important role to increas control performance. Concentration of ownership is a control tool in the company which determines the power of directorate.Research shows that the concentration of ownership of a company influences the control level and lack of detecting risk..It determines demand in external auditing Guarantee services . In addition to, in desired balance,benefits among managers and shareholders adverse effect of representation costs in financial reporting which is the reason for decrease auditing risk resulted in a decrease of auditing fee.

In first researches by Simunic 1996 and second studies showed that in recent years auditing fee is more related to ,measure,complexity, risks and another auditing intrinsic factors. In recent years the effect of centralization of ownership [directorate and auditing committee] has been considered on auditing fee. There is more motivating for this research because it will increase responsibility, directorate control and auditing committee in financial reporting process.Low and regulations of corporate sovereignty emphasis on importance of relationship between internal and external auditors with company directorate and organizational management.Concentration of ownership determines that how much ownership is concentrate in the hand of individual shareholders and it has been arisen for placement of control company affairs and cover auditing demand level. [Ben Ali and Lesij2012]

A little Academic   research   had been   done about auditing fee and features of corporate sovereignty. The result of several studies shows that there is a positive relationship between auditing fee and features of corporate sovereignty, because demand for strongly corporate sovereignty is related to more quality of auditing.[Abbott and partners 2003 Fan wongGhicas and partners]. In general ,we can concluded that auditing fee is influenced from replacement relationship two kinds of problems of representation.Though so far few studies have been done to relate among the second type of problems of representation with auditing fee.In

this research we will investigate that is there relation between concentration of ownership and amount of auditing fee ?At the end we will analyze is there relation between directorate combination and if auditing fee is influenced by concentration of ownership or not?

Theoretical basis and research record

Accordingto the low,auditors are significant part of ownership companies. Because they are important tools to   protect the rights of investors . An auditor investigates the performance of directorate determining the auditing fee. About the relation between concentration of ownership and directorate and auditing fee there are two reasons.

From a point of view directorate with more independence and consequently more concentration of ownership has much interest to verify the effectiveness of his monitoring and so the act of external auditing is more attendant. This increases the role of directorate control with increase auditing scope and so increases the auditing fee.

From another point of view directorate with more independence and more corporation ownership company, emphasis to control environment.So auditor's assessment   is   reduced   from the risk of control and also the breadth of auditing   method reduses, so auditing fee reduces.[seyyedi2007]

According to representation theory the amount of demand for auditing services is related to the degree of concentration of ownership of the company.

According to this a company with varied ownership, need to auditors with high skill chosen by the shareholder's group. Because ownership is a mechanism corporate sovereignty, great shareholders have active control and high effect to

choose of management policies and strategies for giving financial statement information.

Since the structure of ownership is from the main mechanisms and is from determination internal factors of companies strategic systems and on the other hand auditing as an independent professional has agreat responsibility in order to accreditation financial reports for community of user's. Financial information is a tool to reduce dangers of investments , improve quality of internal organization , increasing the level of outturn arising from trade securities and improvement of people investment basket structure and different groups. Favorable corporate governance system makes confidence to use of companies from their properties , also it will consider the benefits of a wide range of stockholders and community in which they work. According to theoretical discussion about owners who has top grade corporate governance, we can expect that auditing information prepared by this companies,had desirable ability to trust. On the other words with increasing the quality of auditing information , the probability of fraud, distortion and other types of bad currents , in companies financial statements is minimized and become reasonable and logical to provide acceptable comment by independent auditors.[Hassasyeganeh and partners 1389]. In short it can be said according to the following items , Iran provides appropriate background to review of this kind.

Because first there are weak supportive laws from shareholders. Second sovereignty concentration in accepted companies in Stock Market securities is relatively high .Third the amount of government attendance in companies as a shareholder is significant and then with the implementation of 44 principle general policies ,we will see extensive presence of institutional shareholder in ownership transfer process to the private sector. For economic decisions we need information according to them assigns available resources. One of the most important factors in making the right decision ,is suitable and relating information about the subject of decision which is process properly , will have negative effects for decision maker.[Akbari 2010]. According to loss concentration of ownership in the big institutes and the presence of non-obligated members in directorate ,

problems arise from representation in companies and increase the need the external auditing. According to the theoretical basis and high impact of concentration of ownership on the auditing fee, relationship between supervising the directorate structure and auditing fee is related to the concentration of ownership and concentration of ownership can have a great role in relationship between supervising the directorate structure and auditing fee and decrease and increase of concentration of ownership will affect strongly the relationship dimensions of the directorate and auditing fee and for this research is very necessary In Iran.

Richard bozecmohameddia (2017) in their article entitled "to survey control on directorate and auditing fee" survey the effect of concentration of ownership on the relationship between directorate combination and auditing fee in a period 2002 to 2008 on Canada stock market. Their research results showed that in companies with more centralized directorate there is a positive relation between directorate combination and auditing fee.

Salim(2016)in his article entitled "concentration of ownership, family firms and the chances of selecting on auditor in emerging financial markets" survey the influenced concentration of ownership and family firms for auditing request with high quality on Indonesia stock market. Their research results show that companies with high concentration have more willingness to employ great auditing companies,when company handles with family this relation is negative.

Kasai (2014) in the study entitled ownership structure, auditing fee and auditing quality in Japan, there is evidence that how the relation among accounting

Obligation items(is measured with obligation items quality) and unusual auditing fees is moderated by ownership structure.

Results show that high auditing fee, compromises auditors independence and consequently auditing quality is reduces.

These results show that the existence of high institutional shareholders increase the quality of obligatory items. In addition about relationship among auditing quality and auditing fee understand that this relation is moderate with institutional shareholders. Ben Ali&lesage [2012]in studies which entitled auditing pricing and the nature of control shareholders:evidence from France. Looking for the answer to this question that, will auditors be used in order to reduce representation costs from ownership different types as a controlling mechanism or not? They used from Symonic model of auditing fee to consider the impact of controlling shareholders on the auditing fee in accepted companies in French Stock Market.

According to the results there is inverse relationship among auditing fee and government shareholders and there is direct relationship among auditing fee and institutional shareholders but, there is no relationship among auditing fee and family shareholders. These results show the combined effects of the nature of ownership on auditing fee. Hu and partners [2012]investigate the relationship among institutional ownership and auditing fee.The sample they studied contains 1428 accepted companies in Chinese Stock Market in2008. The result of their research shows that the companies control by central government pay fewer auditing fee than companies were controlled by local governments .Dicender and partners in their investigation about the relationship between corporate governance features and auditing fee concluded that auditing services and directorate independence when the ownership is scattered are complementary, which show that centralized ownership and directorate combination are suitable alternatives for each other to control the management and also concluded that there is relationship among directorate combination[independence and duality of manager] and auditing fee. Nasirzadeh and Gholami [2017]

Investigate the effect of avoiding tax from auditing fee and effect of company management mechanisms on relationship between avoiding tax and auditing fee.In this research will investigated the relationship between auditing fee with variables avoiding tax ,types of auditing institution , institutional ownerships , directorate independence ,reaction of tax and the type of auditing institution,

reaction of avoiding tax and institutional shareholders and the reaction of tax and directorate independence .

The research method is practical and statistical method, includes typical least squares regression pattern. Statistical sample of research includes 142 accepted companies in The Tehran Stock Market from 2008 to 2014. Test result of research hypothesis is show that , avoiding tax, institutional shareholders, directorate independence and reaction of avoiding tax and directorate independence have meaningful relationship with auditing fee and reaction of avoiding tax and there is no relationship between type of auditing institution, reaction of avoiding tax and institutional shareholders and reaction of avoiding tax and type of auditing institution with auditing fee. Lari and Oradi[2016] in his article entitled auditing committee characteristics and auditing fee: evidence from The Tehran Securities Stock Market investigate the effect of auditing committee features [include of financial expertise, independence and size]on the auditing fee . So relateddata about companyfeatures thataccepted in The Tehran Stock Market in period 2012 to 2014 were extracted. The research hypothesis test carried out with the help of combined data regression model. Research results showed that financial expertise and independence of auditing committee have meaningful relationship with auditing fee. But meaningful relationship was not observed among auditing committee and auditing fee. Also in relating to the controlled variables used to this research , findings show that there is positive and meaningful relationship between financial leverage,the ratio of incoming and stock goods,size of auditing institute and the number of directorate meetings with auditing fee. LaryDashtBayyaz and Eghbal [2016] checked out the effect of directorate independence and auditing fee on the basic public supply value of 102 accepted countries in The Tehran Stock Market during 2002 to 2013.For this reason data related to accepted companies hase been instructed in The Tehran Stock Market . Testing research hypothesis has been done with help of combined data regression model.The results of research showed that financial expertise and independence auditing committee have a positive and meaningful relationship with auditing fee. But there is no meaningful relationship between the size of auditing committee and auditing fee. Also in relating to control data used to this

research , findings showed that there is positive and meaningful relationship between financial leverage , ratio of incoming and stock goods , size of auditing institute and number of directorate meetings with auditing fee. Derakhshi and partners [2015] checked out the effect of ownership structure and financial structure on the auditing fee among accepted companies in The Tehran Stock Market . For this reason with the use of research condition,choose 92 companies as a sample period of 2007 to 2013. The research method is after occurrence and method of analyzing data is correlation and regression. In this research they used variable of ownership institutional investors, free float stocks concentration of ownership , governmental ownership as a ownership structure indicators and also debt to asset ratio , long term debt ratio to non-current asset , capital cost rates indicator financial structure . Research results show that concentration of ownership and governmental ownership has a positive effect on auditing fee and institutional ownership investor has negative effect on it. Mohammad Azadi and Mohammadi2015 have an article had been entitled:institutional ownership, concentration of ownership and auditing fee.The goal of this research is to check out effect of institutional ownership and owners concentration on the auditing fee services .For this reason from financial statements of 51 companies which accepted during 2008 to 2012 were collected and analyzed with Eviews software. The results show lack of relationship between institutional ownership with auditing fee and relationship between concentration of ownership with auditing fee evaluated meaningfully and positively.

3 Research goals and hypotheses

According to importance of the effect of concentration of ownership supervisory on the relationship between directorate performance and auditing fee the general goal of this research is the effect of concentration of ownership on relationship between directorate performance and auditing fee in accepted companies in The Tehran Securities Stock Market . According to studies and theoretical bases ,research hypothesis is presented as follow:

Substantive hypothesis

Concentration of ownership moderates the relationship between directorate and auditing fee of accepted companies in The Tehran Securities Stock Market.

Sub hypothesis

1-Concentration of ownership focus has a meaningful effect on the auditing fee of accepted companies in The Tehran Securities Stock Market.

2-Concentration of ownership moderates the relationship between directorate independence and auditing fee of accepted companies in The Tehran Securities Stock Market.

3-Concentration of ownership moderates the relationship between institutional ownership and auditing fee of accepted companies in The Tehran Securities Stock Market.

4-Society and Statistical sample of research

Because the time realm of this research is the beginning of 2011 to the end of 2016 , so statistical society contains all accepted companies in The Tehran Securities Stock Market.

Systematic removal sampling method is applied with following terms:

1-Required information is available to calculate research operational variables.

2-At least companies were accepted from 2011 in stock market and be active until end of researchperiod.

3- The end of their financial year is Esfand 29th and did not change the financial year during the research period.

4-Not parts of financial companies, investment and banks.

5-During research period and do not have more than 3 months any trading interruption.

Eventually final sample size is according to Systematic Removal Method of 122 companies.

5- Research model and operational definition of variables.

Models that be used in order to hypothesis

test,include a basic model and because required variables in regression model calculated with spreadsheet application , eventually after calculating all necessary variables and enter data in Stata and Eviews softwares to study hypotheses , the research main model is estimated .In this research according to research of Rechardomohammad [2017] for research hypotheses test, used from following regression model, respectively for first to third hypotheses test:

$$Lnfee_{i,t} = \beta_0 + \beta_1 con_{i,t} + \beta_2 ins_{i,t} + \beta_3 indp_{i,t} + \beta_4 Big_{i,t} + \beta_5 Optype_{i,t} + \beta_6 Size_{i,t} + \beta_7 Lev_{i,t}$$
$$+ \beta_8 \frac{B}{M_{i,t}} + \varepsilon_{i,t}$$

$$Lnfee_{i,t} = \beta_0 + \beta_1 con_{i,t} + \beta_2 ins_{i,t}$$
$$+ \beta_3 indp_{i,t} + \beta_4 con_{i,t} * indp_{i,t} + \beta_5 Big_{i,t} + \beta_6 Optype_{i,t} + \beta_7 Size_{i,t} + \beta_8 Lev_{i,t}$$
$$+ \beta_9 \frac{B}{M_{i,t}} + \varepsilon_{i,t}$$

$$Lnfee_{i,t} = \beta_0 + \beta_1 con_{i,t} + \beta_2 ins_{i,t}$$
$$+ \beta_3 indp_{i,t} + \beta_4 con_{i,t} * ins_{i,t} + \beta_5 Big_{i,t} + \beta_6 Optype_{i,t} + \beta_7 Size_{i,t} + \beta_8 Lev_{i,t}$$
$$+ \beta_9 \frac{B}{M_{i,t}} + \varepsilon_{i,t}$$

Dependant variable

LNFEF:company natural logarithm of auditing fee in current year.

Moderatevariable:CON:percentage of concentration of ownership when sum of shareholders percentage stock that have more than 50%of the company's share,1 otherwise 0.

Independent variable

INS:the percentage kept by public and governmental companies is from the total equity capital which contains this companies :Insurance companies, financial companies, banks, governmental institute and the other parts of government.

INDP:managers independence that will be obtained from division of independent directors to the whole members of directorate.

Control variable

BIG:virtual variable which is the auditor of auditing company takes number1 otherwise 0.

Optype= the kinds of auditor comments encoded as follow:

1: Accepted with explanation clause

2: Conditional

3: Failure to comment or reject

SIZE: Reagents the size of company .

LEVERAGE:Financialleverage company which is equal with total debt divided by total assets.

B/mi,t:the ratio of the book value to the market value of the company.

6-Research findings

.1.6 Descriptive statistics

Descriptive statistics included the set of methods that apply for , collection, briefing, classification and description of numerical facts.In the other word descriptive statistical shows information about central parameters and dissemination of research data.So the most important function of these variables is understood better the result of the test .

Table 1: Descriptive statistics of research variables

variable name	variable symbol	average	medium	maximum	minimum	standard deviation
auditing fee natural logarithm	LNFEE	13.93931	13.75728	18.86298	9.957149	1.641667
percentage of concentration ownership	CONS	0.357671	0.352606	0.959800	0.114367	0.152304
institutional ownership	INS	0.546843	0.569283	0.943945	0.000000	0.241035
managers independence	INDP	0.517545	0.600000	1.000000	0.000000	0.220445
type of auditing company	BIG	0.383880	0.000000	1.000000	0.000000	0.486662
kinds of	OPTYPE	0.334699	0.000000	1.000000	0.000000	0.472208

auditor 's opinion						
company size	SIZE	13.98969	13.77700	19.10620	10.50455	1.551219
financial leverage	LEVERAGE	0.576548	0.585494	0.996719	0.065760	0.184492
the ratio of book value to market value	BM	0.509974	0.408251	3.763977	0.003234	0.405336

206 Inferential statistics

1.2.6 Determine suitable model for regression estimating model.

According to existing research literature and also the nature of research hypothesis in this research used combined data.To determine the suitable model[compilation or labeling with panel effects or by accident]for hypothesis test used F Limer tests and Husman tests.

Table 2:Results of F limer test and husman test

Result	P - value	test state	type of test	hypothesis
Panel	0.0000	2.84	F limer	first
Panel	0.0000	2.86	F limer	second
Panel	0.0000	2.80	F limer	third
fixed effects	0.0000	41.18	husman	first
fixed effects	0.0000	41.47	husman	second
fixed effects	0.0000	45.39	husman	third

3.2.6 Regression hypothesis model

[Variance Heterogeneity]

Before doing any interpretation of regression results we must investigate model hypothesis to verify results and make assurance from ability to retrieve model regression results.

In this research preventing false regression is used from compatible co variance matrix to strengthen regression against variance heterogeneity.

Self affiliation

To check out lack of self -affiliation in the results of regression model is used from Watson-camera state.If the state of Watson -camera is among 1/5 and 2/5there is no self-affiliation problem between remnants. According to tables 4 to 6 there isn't self-affiliation problem between the remnants.

To check out lack of coherent is used from variance inflation index test. When states indicators less than 10 shows the lack of coherent .When this indicator is between 10 and 30 shows moderate coherent and when is more than 30shows intense coherent.According to table 3 and variables variance inflation index size which is less than 10 was found that there isn't coherent between research variables.

Table 3 : test of variance inflation index

variance inflation index	variable symbol	variable name

1.02	CONS	percentage of concentration of ownership
1.01	INS	institutional shareholders
1.01	INDP	director's independence
1.01	BIG	type of auditing company
1.01	OPTYPE	types of auditing comments
1.02	SIZE	financial leverage
1.02	SIZE	size of company
1.04	LEVERAGE	financial leverage
1.02	BM	ratio of book value to market value

4.2.6

Research hypothesis test

Table 4:Results of regression model with fixed effect panel data method(first hypothesis)

p-value	t state	co efficient	variable symbol	variable name
0.0000	5.137737	2.733559	a	width from origin
0.0037	2.911196	0.112327	CONS	percentage concentration

				of ownership
0.0817	1.743555	0.018307	INS	institutional shareholders
0.0056	2.783005	0.000695	INDP	manager's independence
0.0252	2.243865	0.011007	BIG	kind of auditing company
0.0094	-2.604147	-0.034785	OPTYPE	kinds of auditor's comments
0.0000	25.54028	0.930902	SIZE	size of company
0.0000	-27.15290	1.998698	LEVERAGE	financial leverage
0.0000	25.05472	-1.395711	BM	ratio of book value to market value
0.0000	significant statistics F			
2.17	Vatson camera state			
0.99	R^2			
0.99	ADJ-R^2			

First hypothesis is explained as follow:

Concentration of ownership has meaningful effect on auditing fee of accepted companies in The Tehran Securities Stock Market . According to zero hypothesis which is based on concentration of ownership is meaningful in 95 confidence level and is equal with zero that shows lack of effect of variables on independence variable.Just tables 4and 5 show ,concentration of ownership probability level is less than 0/05 ,so zero hypothesis failed and this variable is meaningful. This subject means that concentration of ownership influences the auditing fee of accepted companies in The Tehran Securities Market. According to calculated effect co efficient for CON variable is equal to [0/12], shows that this variable is chosen in sample has positive and direct effect on auditing fee of accepted companies . Adjusted determined co efficient in model is equal with 0/99,shows 99% changes of dependent variable is explained by right side variables model. On the other hand no difference between the adjusted co efficient determination [ADJ-R2]shows that independent variables added to model chosen correctly. Although 1%from dependent variable changes didn't explain by the right side variables but according to F fisher state and significance level of it, can said this model can relate independent variable with dependent one.

Table 5 :Results of regression model with fixed effect panel data method(second hypothesis)

P_VALUE	t state	co efficient	variable symbol	variable name
0.0000	4.972537	2.644646	a	width from origin
0.0000	4.844335	0.424916	CONS	percentage concentration of ownership
0.0377	-2.083165	-0.023223	INS	institutional shareholders
0.0000	4.789876	0.003895	INDP	manager's independence
0.0001	-3.983575	-0.009148	INDP*CONS	concentration*manager's independence
0.0854	1.723187	0.008281	BIG	kind of auditing company
0.0125	-2.505620	-0.034013	OPTYPE	kinds of auditor's comments
0.0000	26.15850	0.927845	SIZE	size of company
0.0000	-25.81876	-1.959638	LEVERAGE	financial leverage
0.0000	-26.64082	-1.389978	BM	ratio of book value to market value
0.000	significant statistics F			
2/17	Vatson camera state			
0/99	R^2			
0/99	ADJ-R^2			

Second hypothesis is explained as follow:

"Concentration of ownership moderates the relationship between directorate independence and auditing fee of accepted companies in The Tehran Securities Stock Market."

Although zero hypothesis is based on co efficient is significant at 95%level, and equal with zero, shows no influence of variables on dependent variable . such as the table 4 and 5 show the probability level of concentration and independence of managers is less than 5%,so zero hypothesis rejected and this variable is meaningful. This means that concentration of ownership moderates the relationship between directorate independence and auditing fee of accepted countries in The Tehran Securities Stock Market. Because the calculated co efficient of influence for variable[CONS*INDP] is equal with [-0/009] and on the other side there is meaningful and positive relationship between directorate independence and auditing fee shows that concentration of ownership moderates the relationship between directorate independence and auditing fee of accepted companies in The Tehran Securities Stock Market .

Adjusted co efficient determination in model is equal with o/99 that explains 99%from changes of dependent variable is explained by right side variables. On the other side there is no difference between adjusted co efficient determination [ADJ-R2]and determined co efficient R2 shows that independent variable that added to model chosen correctly. Although 1% of changes of dependent variable didn't explain by right side variables but according to F fisher state and its significance level , can be said this model can relate between variables and independent ones.

Table 6 : Results of regression model with fixed effect panel data method(third hypothesis)

P-value	statistical t	co efficient	variable symbol	variable name
0.0000	5.225406	2.728715	a	width from origin
0.2132	1.246160	0.097559	CONS	percentage of concentration of ownership
0.4879	-0.694038	-0.027581	INS	institutional shareholders
0.0062	2.749041	0.000689	INDP	manager's
0.7976	0.256630	0.025963	INDP*CONS	institutional

				shareholders*concentration
0.0195	2.342830	0.010929	BIG	type of auditing company
0.0092	-2.614427	-0.034824	OPTYPE	kinds of auditor's comments
0.0000	25.33039	0.931581	SIZE	size of company
0.0000	-27.36827	-1.997104	LEVERAGE	financial leverage
0.0000	-24.92247	-1.395839	BM	the ratio of book value to market value
0.0000	significant statistics F			
2.17	Watson camera's statistics			
0.99	R^2			
0.99	$ADJ\text{-}R^2$			

Third hypothesis is explained as follow:

Concentration of ownership moderates the relationship between institutional owners and auditing fee of accepted companies in The Tehran Securities Stock Market.

Although zero hypothesis is based on co efficient institutional [owners *concentration] at insurance is significant at 95%level and is equal to zero shows ineffective of variables on the dependent variable and just like tables 4-6 show.Concentration probability level of institutional owners is more than 5%, so zero hypothesis rejected and this variable has no significance level. This means that concentration of ownership do not moderate relationship between institutional owners and auditing fee of accepted companies in The Tehran Securities Stock Market. Adjusted co efficient determination in model is equal with o/99 explains 99% of changes of dependent variable is explained by right side variables. On the other side there is no difference between adjusted co efficient determination [ADJ-r2] and determination co efficient R2 shows that independent variables added to model,chosen correctly.Although 1% dependent

variables doesn't explained by right side variables, but according to F fisher state and significance level of it ,can be said that this model can relate between dependent variable and independent ones.

7.Conclusion

Independence auditing by improving reliability and increase of credit financial reporting process , helps to usefulness of this process and the efficiency of capital markets. Auditing quality depends on different factors especially concentration of ownership . The goal of this research is regulatory impact of concentration of ownership on relationship between directorate function and auditing fee of accepted companies in The Tehran Securities Stock Market. Such the results show concentration of ownership has a meaningful and positive effect on auditing fee of accepted companies in The Tehran Securities Stock Market. This subject shows that companies with high concentration have a higher   tendency to recruitment big auditing institutes. The results of this hypothesis are consistent and compatible with all internal researches such as Derakhshi and partnersMohammad Azadi and mohammadiand also with external researches such as Salim Richardo Mohammed. On the other side concentration of ownership moderates the relationship between directorate independence and auditing fee of accepted companies in The Tehran Stock Market. On the other side the positive effective of directorate independence on auditing fee and the effect of directorate concentration and change the directorate independence direction show the importance of concentration of ownership . This conclusion is consistent and compatible with internal researches such as Lary and OradiLarydashtibayyaz and Eghbaland also the results of external researches such as Salim and rechardomohammed.According to results of research proposals based on research findings for shareholders, managers and all beneficiaries in the stock market as following is suggested:

_Recommended to the directors of the stock organization to the rules about corporate governance and a compulsory minimum of concentration of ownership , increase the quality of auditing companies.

_According to results of the second hypothesis the level of concentration is the ownership of one of the influential factors on a relationship between directorate independence and auditing fee,   recommend to analyzers that analyze the

auditing fee with the degree of concentration of ownership and don't conclude one-sided conclusions about level of auditing fee.

_According to lack of researches that consider concentration of ownership as a determining factor,auditing institutes and auditing organizations can use from the results of this research in order to initial estimated from auditing fee have a better evaluation than the existence potential representation problems is related to presence of such owners in company.

_Potential shareholders can improve their investment decisions ,according to results of this research and similar researches about kinds of companies ownership , and know more about how to influence the types of owners in companies on the desired company.

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