STUDYING THE RELATIONSHIP BETWEEN FREE CASH FLOWS AND PERFORMANCE PREDICTION IN THE CORPORATIONS OF ACCEPTED IN TEHRAN STOCK EXCHANGE


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Abstract: The purpose of this study is investigating the relationship between Strategic Orientation and Managers’ decision making in Manufacturing and Petrochemical Companies of accepted in Tehran Stock Exchange. The current research in terms of subject is descriptive – correlational research and in terms of purpose is applied research and in terms of method by survey research has been done. The population of this study is Manufacturing and Petrochemical Companies of accepted in Tehran Stock Exchange that it is around 280 companies. According to data collected, the research is occasional discussion. In this regard, statistical sample was selected out of 134 companies; the sampling has been used as simple random method. A method for collection data was librarian field method and the main instruments were standards questionnaires. Since significant level is smaller than 0/05, the result is that there is significant relationship between strategic orientation and manager’ decision, also, since correlation coefficient is 0/754 for two variables, it can be claimed that the relation between strategic orientation and managers’ decision making is evaluated well. Determination coefficient is 0/329 and this value shows that 32% of changes for manager’ decision are dependent to strategic orientation.

Keywords: Strategic Orientation, Managers’ decision making, Manufacturing and Petrochemical Companies, Tehran Stock Exchange.

1. INTRODUCTION AND RESEARCH PROBLEM

Decision is regarded as limitation that often managers regard it as single event which is occurred in a specified moment of time, but in fact, decision is mixed process with final game of power, policies, personal conflicts and organizational history. The leaders who have power to recognition, make decisions between compared who believed that decisions are events which are under control, thus, it can be said that some of decision’ processes are most efficient and effective compared others (Garwin, 2001), sometime, decision makers apply conservative process which is the most ineffective mode. They regard decision as conflict in which defend their strategies and offer information as selectively and can provide persuasive situations to avoid opposite data and resists against conflict. But there is effective process which is looking for. During it, collection of options is and search for best process. Although, it is leadership which applied final decision but person who participates in decision shall believe that their insights shall be considered and influence on decision. The empirical witnesses’ points to impressive relationship between comprehensions of management pertain to strategic orientation and develop abilities of company (Salach et al, 2002). Therefore, it required much researches on managers and staff pertain to customer in order to increase information around transferring factors for organizational culture into commercial process and behaviours which transport values to customers. The present research discusses four strategic orientations which are directed customer’ behaviour in market and is able to make better performance: customer’ orientation, rival orientation, internal cost orientation, and innovation orientation. Second, the study states that market capability facilitates real parts of strategic orientation as performance mechanism and evaluates intermediate effect of market capability on relationship between strategic orientation and decision; third, the present research discusses relation between strategic performances between managers in stock exchange.

2. RESEARCH BACKGROUND

Kheiri and Roushani (2013) performed research titled discuss role of intermediate for marketing capability in relationship between strategic orientation and performance of organization in Bank Melli of Iran. In this research, casual relations between strategic orientation, marketing capability and organizational performance were discussed. Notwithstanding there are many witnesses on marketing in organization, but organisations have not sufficient comprehension to apply assets in order to obtain competitive advantage. In other side, strategic orientation including innovation, rivalry, customer, entrepreneurship, staff and costing as complement of marketing can establish competitive advantage for organizations. Strategic orientation cannot result to better performance but they offer special behaviours which influence on performance of organization. Thus, role of marketing capability and marketing are studied as complements of marketing for intermediate variables, the information required are obtained from 226 questionnaires from managers of Bank Melli of Iran in order to test conceptual model. In order to test causal relation between variables, structural equations modelling has been used. The results show that in Bank Melli of Iran, entrepreneurship, staffing has positive effect on marketing. But, among other strategic orientation variables, there is not significant relationship. Also, performance of bank is influenced under marketing variables and capabilities, Salahi and Kajor (2012) performed research named to make strategic orientation in regard to creation public value, case study on national library of Iran which their aim is to discuss strategic thought on development of strategic program for national library of Iran and the findings are based on analysis information and make public values for determine aims of organization, values and perspective. Rahimnia et al (2011) performed research titled strategic orientation for Exportation Company and in this research, globalization and formation of competitive environment was resulted that exportation not only is necessary against national economy but it is vital case for survival of company, type of strategic orientation is regarded as one of the most effective factors for success of exportation. One of the frameworks of strategic orientation is to activate passive systems. To be activation is defined as comprehension of management by systematic analysis and influences on opportunities and threats and it is anticipated that exportation companies distort success of their exportation with passive strategic orientation. Spicer and Smith on discussion 5 decision styles between two groups of 200 students in the field of Commerce in one of the England universities, discussed intellectual style and intuitive and immediate styles between dependence and avoidance decision and found significant negative relationship between them like first group. Sanhelm discussed decision style between 206 officers of Sweden military in terms of intuitive, avoidance and immediate styles and found converts significant relationship between intuitive, immediate styles and also there is positive significant relationship between dependence and avoidance style.
3. RESEARCH HYPOTHESES

3.1. Main Hypothesis
There is relationship between Strategic Orientation and Managers’ decision making in Companies accepted in Tehran Stock Exchange

3.2. Minor Hypotheses
There is relationship between customer Orientation and Managers’ decision making in Companies accepted in Tehran Stock Exchange
There is relationship between rival Orientation and Managers’ decision making in Companies accepted in Tehran Stock Exchange
There is relationship between internal Orientation/cost and Managers’ decision making in Companies accepted in Tehran Stock Exchange
There is relationship between innovation orientation and Managers’ decision making in Companies accepted in Tehran Stock Exchange

4. CONCEPTUAL MODEL

5. RESEARCH METHODOLOGY

6. The current research in terms of subject is descriptive – correlational research and in terms of purpose is applied research. The method of data collection was librarian field method and the main instruments were standards questionnaires.

5.1. Statistical Population and sampling Method
The population of this study is manufacturing and Petrochemical Companies accepted in Tehran Stock Exchange that they are around 280 companies. Based on this method sample size was selected out of 134 companies and based on Morgan table was selected. In order sampling by using the simple random sampling has been used

7. RESEARCH FINDINGS

6.1. Kolmogorov-Smirnov test to discuss normality of variables
Table 1: Kolmogorov-Smirnov test to discuss normality of variables

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Significant</th>
<th>Error</th>
<th>Confirmatio n</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>0/164</td>
<td>0/05</td>
<td>H&lt;sub&gt;0&lt;/sub&gt;</td>
<td>It is Normal</td>
</tr>
<tr>
<td>Rival orientation</td>
<td>0/085</td>
<td>0/05</td>
<td>H&lt;sub&gt;0&lt;/sub&gt;</td>
<td>It is Normal</td>
</tr>
<tr>
<td>Internal orientation/cost</td>
<td>0/059</td>
<td>0/05</td>
<td>H&lt;sub&gt;0&lt;/sub&gt;</td>
<td>It is Normal</td>
</tr>
<tr>
<td>Innovation orientation</td>
<td>0/086</td>
<td>0/05</td>
<td>H&lt;sub&gt;0&lt;/sub&gt;</td>
<td>It is Normal</td>
</tr>
<tr>
<td>Managers’ decision making</td>
<td>0/094</td>
<td>0/05</td>
<td>H&lt;sub&gt;0&lt;/sub&gt;</td>
<td>It is Normal</td>
</tr>
</tbody>
</table>

6.2. Testing the Main research Hypothesis
There is relationship between Strategic Orientation and Managers’ decision making in Companies accepted in Tehran Stock Exchange

Table 2: Result of Pearson correlation test between Strategic Orientation and Managers’ decision making

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Manager’s decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>0/574</td>
</tr>
</tbody>
</table>
According to the table 2, since significant level is smaller than 0.05, the result is that H0 hypothesis is not confirmed and H1 hypothesis is confirmed. It means that there is significant relationship between strategic orientation and managers’ decision making, also, since correlation coefficient between two these variables is 0.574, it can be claimed that the relation between strategic orientation and managers’ decision making is evaluated well.

### 6.3. Testing the First Minor research Hypothesis

There is relationship between customer Orientation and Managers’ decision making in Companies accepted in Tehran Stock Exchange

Table 3: Result of Pearson correlation test between customer Orientation and Managers’ decision making

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Manager’ decisions</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>0/428</td>
<td>128</td>
</tr>
<tr>
<td>Significant level</td>
<td>0/001</td>
<td></td>
</tr>
</tbody>
</table>

According to the table 3, since significant level is smaller than 0.05, the result is that H0 hypothesis is not confirmed and H1 hypothesis is confirmed. It means that there is significant relationship between customer orientation and managers’ decision making, also, since correlation coefficient between two these variables is 0.428, it can be claimed that the relation between customer orientation and managers’ decision making is evaluated average.

### 6.4. Testing the Second Minor Research Hypothesis

There is relationship between rival Orientation and Managers’ decision making in Companies accepted in Tehran Stock Exchange

Table 4: Result of Pearson correlation test between rival Orientation and Managers’ decision making

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Manager’ decisions</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>0/524</td>
<td>128</td>
</tr>
<tr>
<td>Significant level</td>
<td>0/001</td>
<td></td>
</tr>
</tbody>
</table>

According to the table 4, since significant level is smaller than 0.05, the result is that H0 hypothesis is not confirmed and H1 hypothesis is confirmed. It means that there is significant relationship between rival orientation and managers’ decision making, also, since correlation coefficient between two these variables is 0.524, it can be claimed that the relation between rival orientation and managers’ decision making is evaluated weak.

### 6.5. Testing the Third Minor research Hypothesis

There is relationship between internal Orientation/ cost and Managers’ decision making in Companies accepted in Tehran Stock Exchange

Table 5: Result of Pearson correlation test between internal Orientation/ cost and Managers’ decision making

<table>
<thead>
<tr>
<th>Orientation/ cost</th>
<th>Manager’ decisions</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>0/480</td>
<td>128</td>
</tr>
<tr>
<td>Significant level</td>
<td>0/001</td>
<td></td>
</tr>
</tbody>
</table>

According to the table 5, since significant level is smaller than 0.05, the result is that H0 hypothesis is not confirmed and H1 hypothesis is confirmed. It means that there is significant relationship between internal Orientation/ cost and managers’ decision making, also, since correlation coefficient between two these variables is 0.480, it can be claimed that the relation between internal Orientation/ cost and managers’ decision making is evaluated average.

### 6.6. Testing the Fourth Minor research Hypothesis

There is relationship between innovation orientation and Managers’ decision making in Companies accepted in Tehran Stock Exchange

Table 6: Result of Pearson correlation test between innovation orientation and Managers’ decision making

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Manager’ decisions</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>0/471</td>
<td>128</td>
</tr>
<tr>
<td>Significant level</td>
<td>0/001</td>
<td></td>
</tr>
</tbody>
</table>

According to the table 6, since significant level is smaller than 0.05, the result is that H0 hypothesis is not confirmed and H1 hypothesis is confirmed. It means that there is significant relationship between innovation orientation and managers’ decision making, also, since correlation coefficient between two these variables is 0.471, it can be claimed that the relation between innovation orientation and managers’ decision making is evaluated weak.

### 8. CONCLUSION

There is significant relationship between strategic orientation and managers’ decision making. According to the results of this study, significant
level is smaller than 0.05, the result is that there is significant relationship between strategic orientation and managers’ decision making is confirmed. Also, since correlation coefficient is 0.754 for two variables, it can be claimed that the relation between strategic orientation and managers’ decision making is evaluated well. Coefficient of determination is equal to 0.329 which shows 32% of changes are pertinent to strategic orientation. Coefficient of effect for strategic orientation (B = 0.675) shows that strategic orientation can predicate changes pertain to manager’s decision with confidence 0.99%. This coefficient is positive and means that if one unit is added to scale of strategic orientation, 0.675 is added to point of person in manager’s decision, as for explanations, regression equation is obtained as follows. The findings conform to findings of Tan and Cock (2011), Salahi and Kajor (2012), Rahimnia et al (2011) and contrasts with findings of Lim and Tang (2014).

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