Original Article

Studying the Supervisory Role of Institutional Shareholders in Controlling the Relationship between Corporations' Tax Avoidance Consequences and Their Stock Price Crash Risk

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Abstract

The main objective of this research is to study the supervisory role of institutional shareholders in controlling the relationship between corporations' tax avoidance consequences and their stock price crash risk. The sample includes 88 listed corporations in Tehran Stock Exchange. The data for a 5-year period from 2009 to 2014 were statistically analyzed. Logistic regression models were used for testing hypotheses and the results showed that by increasing corporations' tax avoidance, risk of stock price crash increases. According to the findings, active institutional shareholders have not influenced the relationship between tax avoidance and the stock price crash risk, whereas inactive institutional shareholders have played an important role in relationship between tax avoidance and the stock price crash risk, reversing this relationship. Also the results show that corporations with higher profitability and big size are less likely to be at stock price crash risk.

Key words: Tax avoidance, Stock price crash risk, Active institutional shareholders, In active institutional shareholders

INTRODUCTION

The main tax functions mainly include providing public income, expanding justice, reallocating wealth and resources, establishing economic stability and equipping financial resources and creating capital, while tax avoidance and tax noncompliance are the major problems of the tax management. The research depicts tax avoidance and related problems and also tax noncompliance varying between 10% and 15% (Organization of Economic and Political Analysis, 2011).

Although there is no exact statistics on tax avoidance and tax noncompliance, the accountancy experts suggest that the level of tax avoidance is more than 50% of the actual amount of the tax collected in Iran (Shahsavari, 2010). Also the researchers believe that the tax requires a system that could collect maximum legal and fair tax with minimum force and expenditure in the shortest period. In this case, this system can meet the tax system needs. They believe that the new system should be designed so that the finance offices does not act as a creditor for several years and rescue them from current condition. It is also expected that this system works on time, it means that it can collect the taxes stipulated in the budget bill (Rezaei, 2010). Although during recent years the financial policy makers have tried to improve the tax system efficiency by approve of the tax law and also the law on the use of official accountants' services, the results reveal the difference in the investigations and determining the taxable income by these groups. It seems that inefficiency of these arrangements in Iran might be the result of tax noncompliance of some tax payers.

The theoretical foundation depicts that the institutional shareholders have capability and incentives of continuous and effective supervision of the corporations' managers concerning to protection of the owners benefits and

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resources that reflects their informative role in the corporations. The information resource of most of the capital market activists is the published financial reports of the corporation that are released periodically and they are the base of the active and inactive shareholders decision making for investment in the stock market. The number of the beneficiaries and the individuals connected to the corporation is increased by enhancement of the management resources that the consequence is conflict in the resources. The management is placed in the focus of this conflict and tries to minimize the conflict by disclosing the corporate financial information. The potential managers make effort to show the corporate condition optimal and due to the authorities of the manager in reporting they obtain the chance for imposing such procedures. While the shareholders determine the share price according to the cash flow resulted from shares and their risks. The shareholders who act rationally should use the presented information in optimal way. This information can be known or obtained by the future estimation. Hence, the role of the institutional shareholders is very important and significant in reducing the shares crash risk (Callen, X & Fang, 2013).

The research review of literature in Iran shows that a research has been conducted on the effective factors of share crash. While the corporates tax behavior is an effective factor on the managers' opportunistic incentives in financial reporting. The capital market reaction to this condition has not been considered in Iran. Thus, the innovative aspect of the current research is concentration on the capital market reaction to the corporations' tax avoidance and examining the supervisory role of the institutional shareholders in this scope. Accordingly, the main goal of this research is investigating the supervisory role of the institutional shareholders in controlling the relationship between corporations' tax avoidance consequences and their stock price crash risk.

THEORETICAL FOUNDATION AND THE RESEARCH BACKGROUND

Theoretical Foundation
Tax avoidance is rooted in the legal gaps in the tax laws. The person seeks the ways to avoid to pay tax. Tax avoidance is done for reducing the person tax obligations via bypassing the law, but tax avoidance is illegal and intentional act of doings against the law such unreal income report, deductions and financial statements. The conceptual distinguishing factor between the tax fraud and tax avoidance relates to legality and illegality of the tax payers behaviors. The traditional theory on the tax avoidance explains the activity that leads to maximizing of the value of the shareholders via reducing the government payment. This theory has

important aspects such as economic personality. In the framework of the representation theory it is inferred that the tax avoidance can cause to the opportunistic behavior of the managers by manipulation in the benefits and possible abuse of the organization resources (Chen et al., 2012, Desai& Dharmapala, 2006). The managers tend to hold the bad news undisclosed and delay in disclosure and release good news. This tendency can be rooted in some different managerial incentives including performance-based reward contracts and occupational, reputation and governance concerns. Kothari et al (2009) experimentally provided witnesses depicting that the managers tend to delay disclosure of the worst news. Their tendency creates the shares crash risk or high negative return. When the worst news goes beyond the threshold and or when the managerial incentives for uncovering the news are accumulated, a significant amount of the negative news is spread abruptly in the market that leads to sudden reduction of the stock price or shares crash risk. It is expected that the corporations that take conservative approach in their financial reporting encounter with less shares crash risk. In this phenomenon the stock price is negatively adjusted. In other definition, the stock price crash is called a phenomenon which an abrupt and negative revision is done in the shareholders expectation on the corporate stock (Kim, J-B, Zhang, 2010).

The important issue in avoiding disclosure of information is tax avoidance that is considered as a barrier of corrective actions by the investors and board of directors. Hotun et al. (2009) and Jin & Mayerz (2006) believe that there is an upper limit for bad news to be uncovered; since disclosure of information is costly. When the concealing the bad news goes upper threshold the managers cannot prevent its release and then the shareholders present their shares for purchase that leafs to stock price crash in the market.

Research Background
Niemirowski and Wearing (2003) studied the role of the tax institutes in tax compliance and classified the tax payers according to factors such as behaviors, values, beliefs, tendencies, competencies, fairness, tax knowledge, satisfaction and type of life. The results show that the tax attorney plays a major role in consulting and advising on tax, modification of financial statements and risk management for minimizing tax. Chung and Zhang (2009) suggested evidences concerning to the relationship between corporate governance system and stock institutional ownership. Their findings depict that the corporation's stock ratio that is held by the institutional shareholders promotes the quality of the governance system. The findings of this research are consistent to this belief that the institutional shareholders tend toward the corporations with good governance structure in meeting responsibilities. Alabed et al (2011)

investigated the quality of governance, ethnic differences and also moderating effect of financial conditions and risk priority on the tax payers' attitudes and tax compliance via Fisher model and combination of service quality tax services. In this article, economic, social, psychological and cultural factors are depicted in a comprehensive model and an appropriate and specific environmental condition can be considered for perception of the real tax payers' behavior. Philips (2013) examined the role of managing director reward and business managers on the accountancy performance criteria in deduction of tax effective rate. He found that the tax-based reward of the corporates managers (not managing director) reduces effective accrual tax rate. Noravesh and Ebrahimi Kordlar(2005) investigated the relationship between the shareholders combination with information symmetry and performance accountancy criteria usefulness. Their findings showed that in the firms with more institutional ownership compared to the firms with less institutional ownership, the stock price includes more future profit information. This finding is consistent to the institutional shareholders relative advantage in collecting and processing of the information. Talebnia et al (2011) in a research on the financial reporting transparency investigated its relationship with tax reporting. Their findings show that there is a positive relationship between tax reporting and financial reporting transparency so that in tax reporting attached with financial reporting, financial reporting transparency is achieved. Mehrani and Seyyedi 9 2013) studied the relationship between income tax and conservative accountancy. In both studies two hypotheses were set providing that there is a positive and significant relationship among instrumental and diagnostic and conservatives taxes. This research showed that there is a positive and significant relationship between previous three years instrumental tax and conservative tax. So that by increase of income tax the tendency toward conservative accuracy is enhanced and the firms try to reduce their tax expense and payable tax current value. Hagigat and Mohammadi (2013) found that the common theory is that tax avoidance decreases the transfer of resources from owners to the government so that increases the owners wealth. The findings of this research showed that the corporates with high transparency have high potential for less representativeness and tax avoidance and also intra-organization individuals put less emphasis on the corporates' tax avoidance. Thus, in the firms that tax avoidance plans are implemented existence of acceptable transparency is very important.

Research Hypotheses

According to the review of literature and theoretical foundation on the supervisory role of institutional shareholders in controlling tax avoidance consequences of the corporations' stock price crash, the following hypotheses were set in order to examine the supervisory role of institutional shareholders in controlling the relationship between the corporations' tax avoidance consequences and their stock price crash risk:

H1: There is a relationship between the corporations' tax avoidance and their stock price crash risk.

H2: The percentage of the active institutional shareholders ownership is effective in the relationship between the corporations' tax avoidance consequences and their stock price crash risk.

H3: The percentage of the inactive institutional shareholders ownership is effective in the relationship between the corporations' tax avoidance consequences and their stock price crash risk.

POPULATION AND STATISTICAL SAMPLE

The corporations listed in the different industries possessing following qualification constituted the research statistical population. The end of their financial year is end of 19 March. They should be listed in Tehran Stock exchange minimum since beginning of the financial year 2009 and their stock should be purchased in the stock exchange without transaction pause more than four months. These corporations should not be investment, financial and credit firms and the corporations' shareholders reminders should not be negative during the research period. The corporation's stock return should be available monthly. Finally, 65 corporations were chosen as the research statistical population.

METHODOLOY AND THE RESEARCH VARIABLES

The data were collected in the real corporations, so the results can be used in decision makings by the shareholders. Thus the research method is applied. On the other hand since the cause and effect relationship among the variables, institutional shareholders, tax avoidance and the stock price crash risk is investigated, this research prospective. The research variables are general and theoretical and the research hypotheses have been set by assumptive relationship among them.

Independent Variables

Tax avoidance of the statistical population includes the difference between the instrumental tax and certain tax it is calculated as follows: (source: Jahromi, 2012).

TAXVAR= certain tax- instrumental tax/profit before tax

Dependent Variable

Stock price crash risk is the dependent variable that is Hutton et al. (2009) model is used for its calculation. This

model is as follows: at first the firm net monthly return is obtained by following fitness model:

$$r_{j,t} = \alpha_j + \beta_{1,j}r_{m,t-2} + \beta_{2,j}r_{m,t-1} + \beta_{3,j}r_{m,t} + \beta_{4,j}r_{j,t+1} + \beta_{5,j}r_{j,t+2} + \varepsilon_{j,t}$$

rjt: firm net monthly return
rmt: stock market monthly return

After fitness of above model, the regression remainder is extracted and substituted in the following relation.

$$W_{j,t} = \ln(1 + \varepsilon_{j,t})$$

If W is higher than 3.2 relative o\to the 12 months standard deviation in each year; the firm encounters with stock price crash risk and variable (CRASH) in year-firm equals 1. Thus, this variable is a virtual variable that depicts the stock crash in each year-firm (Kim et al., 2011).

Intervening Variable
The institutional shareholders is an intervening variable including active institutional shareholders and inactive institutional shareholders. If some of the stock is in the hand of the governmental organizations, insurance firms, investment firms and or funds, the firm will have institutional ownership. According to the efficient supervision theory, this group of the shareholders have sufficient equipment and expertise for supervision on the firms and their managers. If more than 20% of the firm belongs to an institutional shareholder and that shareholder can attend in the board of directors, he or she is considered as an active institutional shareholder and if the ownership percentage of an institutional shareholder is less than 20%, he or she is considered as an inactive institutional shareholder (Babajani &Jafari, 2010).

Controlling Variables
1) financial leverage (LEV) includes the firm debts book value divided to sum of the assets, 2) return on equity (ROE): this ration is obtained by the firm net profit divided to return on equity, 3) the firm size (size): the bigness and smallness of the firm is calculated by logarithm of the total assets, 4) market value to book value (MB): the stock market value divided to book value of equity.

EXPERIENTIAL FINDINGS

Descriptive Analysis
The data analysis is done bases on the quantitative principles; for doing so it is necessary to calculate the descriptive data statistics. Descriptive analysis is a technique that examines the central indicators and the data scattering. The number of observations of this research is 450 years-firm. These observations include combination of the data obtained in 90 firms listed in the stock considered as the statistical sample during 5 years (2010 until 2014) as the trial period. The following table summarizes the hypotheses test model variables descriptive analysis.

The descriptive analysis statistics presents useful information on distribution of the collected data and the calculated data. For example, the results presented in Table 1 depict that the mean of the stock price crash virtual variable is 0.086 and this shows that the stock price crash has happened in 8.6% of year-firms in the research. The findings of the tax avoidance reveals that the standard deviation of this variable is higher than its mean. This finding shows that the mentioned variable change level was high and the data distribution was normal. The descriptive statistics depicts that averagely, more than 65% of the stocks of the statistical sample in the research period was in the hands of the active institutional shareholders. While, the share of the inactive institutional shareholders was about 7%.

The findings of the controlling variables depict that the obtained mean for the financial leverage is 0.589 and it shows that about 60% of the assets of the firms has been provided by debt during research. The calculated mean of the assets return variable reveals that these firm have obtained about 30% of the shareholders equity during research period. Also the findings show that averagely, the statistical sample firms' market value was equal 1.9 of their book value.

Research Variables Correlation (Linearity between Independent Variables)
Correlation matrix depicts mutual relationship between the research variables. This correlation is measured via Pearson correlation coefficient and the researcher is allowed to obtain information on the existence and inexistence of linearity among the independent variables before implementation of the regression models. The research variables correlation matrix is as follows (Table 2):

Examining the mutual relationship among the research variables shows that none of the correlation coefficient in independent variables is higher than 0.5, so the probability of existence of linear relationship between dependent variables in the test pattern is rejected.

The Results of the First Hypothesis Test
H1: There is a relationship between the corporations' tax avoidance and their stock price crash risk.

Table 1: Descriptive analysis of the variables in the hypothesis test model

Symbols	Variables	Observation no.	Minimum	Maximum	Mean	Standard deviation
CRASH	Crash risk virtual variable	450	0.0000	1.0000	0.086860	0.2819435
TAXVar	Tax avoidance	450	0.0000	0.8242	0.104977	0.1544171
AMON	Active institutional shareholder	450	0.0000	0.9843	0.655014	0.2951942
NAMON	Inactive institutional shareholder	450	0.0000	0.1786	0.006713	0.0268511
Lev	Financial leverage	450	0.0964	0.9395	0.589430	0.1821247
ROE	Return on equity	450	−1.5526	1.7062	0.282145	0.2860552
Size	Firm size	450	10.5045	18.7182	13.645395	1.5390336
MB	Market value to book value	450	0.1448	7.4341	1.976411	1.4432951

Table 2: Research variables correlation matrix in hypotheses test model

	CRASH	TaxVar	AMON	NAMON	Lev	ROE	Size	MB
CRASH	1							
	450							
TAxVar	0.067	1						
	0.155							
	450	450						
AMON	−0.005	−0.016	1					
	0.922	0.733						
	450	450	450					
NAMON	0.043	−0.079	−0.556**	1				
	0.364	0.095	0.000					
	450	450	450	450				
Lev	−0.029	−120*	−0.056	−0.040	1			
	0.539	−011	0.238	0.395				
	450	450	450	450	450			
ROE	−003	−0.167**	0.061	−0.015	−0.231**	1		
	−948	−0.000	0.194	0.756	−0.000			
	450	450	450	450	450	450		
Size	−0.031	−0.042	−102*	−0.064	−259**	−0.028	1	
	0.508	0.375	0.031	0.177	0.000	0.551		
	450	450	450	450	450	450	450	
MB	0.011	−0.080	0.135**	−0.037	−0.068	0.338**	−0.027	1
	0.813	−0.89	0.004	0.429	0.152	0.000	0.265	
	450	450	450	450	450	450	450	450

Table 3: Results of the H1 regression model statistical analysis

X2 significance	Chi-square	Nagelkerke R Square	Exponential %
0.000	43.84	0.209	91.5

For test of this hypothesis, a regression model was used with probability of stock price crash as a dependent variable and functions of the independent and control variables. Also, according to this fact the research dependent variable was virtual; the logistic regression was employed for test of hypotheses. Table 3 summarizes the results of the regression model fitness.

The above table depicts the results of the first hypothesis test regression model statistical analysis. The tests that their results are shown in the above table are used for examining the optimality and acceptability of the regression model. Accuracy of the model reveals that in sum, 91.5%

of the observations of the dependent variable has been categorized correctly. Also the coefficient of determination for the first hypothesis test is 0.209. This finding depicts that the fitted model could explain 20.9% of the dependent variable by independent variables conversion.

The statistics of x^2 is a measure for determining the significance of the independent variables coefficients in the fitted model and estimating the significance level of the relationships among the research variables. This statistics shows optimality of the logistic regression and linearity of the relationships among variables. The statistical hypotheses related to x^2 are as follows:
H0: The model is not significant.
H1: The model is significant.

Table 3 depicts that the significance level of $x2$ for the fitted model is zero that is less than α=0.05. It is shown that the mentioned model is significant and linear. Since the mentioned value reveals optimality of the fitted regression

model; it can be made decision on the independent variables coefficient based on the model.

Table 4 summarizes the results of the statistical analysis for independent variables coefficients of the first hypothesis test regression model. The significance level and their coefficients were calculated by the Wald test and their type and level of the relationship between independent variables and dependent variables in the regression model were specified.

According to the table, the coefficient of the variable TaxVar that depicts the relationship between this variable with the stock price crash risk is 1.094 with significance level of 0.033 which is less than 0.05. This finding shows that there is a direct and significant relationship among these variables and the stock price crash risk is increased by increase of tax avoidance. This finding is consistent to the first hypothesis, so it is accepted in confidence level 95%.

The results of the controlling variables show that there is an inverse and significant relationship between the return on equity and the firm size. In other words, the firms with high profitability and big size have encountered with less probability of the stock price crash risk.

The Results of the Second Hypothesis Test
H2: The active institutional shareholders ownership percentage impacts on the relationship between the corporations' tax avoidance and their stock price crash risk.

For test of this hypothesis, a regression model was used with probability of stock price crash as a dependent variable and functions of the independent and control variables. Also, according to this fact the research dependent variable was virtual; the logistic regression was employed for test of hypotheses. Table 5 summarizes the results of the regression model fitness.

The above table depicts the results of the statistical analysis of the second hypothesis test regression model. The tests that their results are shown in the above table are used for examining the optimality and acceptability of the regression model. Accuracy of the model reveals that in sum, 91.5% of the observations of the dependent variable has been categorized correctly. Also the coefficient of determination for the second hypothesis test is 0.212. This finding depicts that the fitted model could explain 21.2% of the dependent variable by independent variables conversion.

The statistics of x2 is a measure for determining the significance of the independent variables coefficients in the fitted model and estimating the significance level of the relationships among the research variables. This

statistics shows optimality of the logistic regression and linearity of the relationships among variables. The statistical hypotheses related to x2 are as follows:
H0: The model is not significant.
H1: The model is significant.

The results of the Table 5 depict that the significance level of $x2$ for the fitted model is zero that is less than $\alpha = 0.05$. This finding reveals that the mentioned model is significant and linear. Since the mentioned value optimality of the fitted regression model; it can be made decision on the independent variables coefficients based on the model.

Table 6 summarizes the results of the statistical analysis for independent variables coefficients of the second hypothesis test regression model. The significance level and their coefficients were calculated by the Wald test and their type and level of the relationship between independent variables and dependent variables in the regression model were specified.

According to the table, the coefficient of the variable AMON*TaxVar that depicts the impact of the active institutional shareholders ownership on the relationship between tax avoidance with the stock price crash risk

Table 4: Results of the H1 regression model independent variables coefficients statistical analysis

Variable	Coefficient	Wald statistics	Wald statistics sig
Taxvar	1.094	2.975	0.033
NAMON	−0.783	0.671	0.413
NAMON*Taxvar	−0.614	2.702	0.032
Lev	−0.019	0.017	0.896
ROE	−28.141	32.594	0.000
MB	−0.009	0.004	0.951
Size	−29.589	33.406	0.000

Table 5: Results of the H2 regression model statistical analysis

X² significance	Chi-square	Nagelkerke R Square	Exponential %
0.000	44.584	0.212	91.5

Table 6: Results of the H2 regression model independent variables coefficients statistical analysis

Variable	Coefficient	Wald statistics	Wald statistics sig
NAMON	0.143	0.034	0.854
NAMON*Taxvar	−3.371	0.66	0.417
Lev	−0.802	0.406	0.448
ROE	−0.671	2.814	0.027
MB	−0.017	0.013	0.908
Size	−28.779	32.811	0.000

is -3.371 with significance level of 0.417 which is more than 0.05. This finding shows that there is no significant relationship among mentioned variables. In other words, the active institutional shareholders has no effect on the tax avoidance and the stock price crash risk. This finding is consistent to the second hypothesis, so it rejected in confidence level 95%.

The results of the controlling variables show that there is an inverse and significant relationship between the return on equity and the firm size with stock price crash risk. In other words, the firms with high profitability and big size have encountered with less probability of the stock price crash risk.

The Results of the Third Hypothesis Test

H3: The inactive institutional shareholders ownership percentage impacts on the relationship between the corporations' tax avoidance and their stock price crash risk.

For test of this hypothesis, a regression model was used with probability of stock price crash as a dependent variable and functions of the independent and control variables. Also, according to this fact the research dependent variable was virtual; the logistic regression was employed for test of hypotheses. Table 6 summarizes the results of the regression model fitness.

The above table depicts the results of the statistical analysis of the third hypothesis test regression model. The tests that their results are shown in the above table are used for examining the optimality and acceptability of the regression model. Accuracy of the model reveals that in sum, 92% of the observations of the dependent variable has been categorized correctly. Also the coefficient of determination for the second hypothesis test is 0.232. This finding depicts that the fitted model could explain 23.2% of the dependent variable by independent variables conversion.

The statistics of $x2$ is a measure for determining the significance of the independent variables coefficients in the fitted model and estimating the significance level of the relationships among the research variables. This statistics shows optimality of the logistic regression and linearity of the relationships among variables. The statistical hypotheses related to $x2$ are as follows:
H0: The model is not significant.
H1: The model is significant.

The results of the Table 7 depict that the significance level of $x2$ for the fitted model is zero that is less than $\alpha=0.05$. This finding reveals that the mentioned model is significant and linear. Since the mentioned value optimality of the fitted regression model; it can be made decision on the independent variables coefficients based on the model.

Table 8 summarizes the results of the statistical analysis for independent variables coefficients of the second hypothesis test regression model. The significance level and their coefficients were calculated by the Wald test and their type and level of the relationship between independent variables and dependent variables in the regression model were specified.

According to the table, the coefficient of the variable NAMON*TaxVar that depicts the impact of the inactive institutional shareholders ownership on the relationship between tax avoidance with the stock price crash risk is -29.589 with significance level of 0.000 which is less than 0.05. This finding shows that there is no significant relationship among mentioned variables. In other words, the inactive institutional shareholders has a significant effect on the tax avoidance and the stock price crash risk and inversed this relationship. This finding is consistent to the third hypothesis, so it accepted in confidence level 95%.

The results of the controlling variables show that there is an inverse and significant relationship between the return on equity and the firm size with stock price crash risk. In other words, the firms with high profitability and big size have encountered with less probability of the stock price crash risk.

CONCLUSION

The results of the test of the first hypothesis show that there is a direct and significant relationship between the tax avoidance and the stock price crash risk and it is shown that increase of the corporations' tax avoidance enhances the stock price crash risk that these findings are consistent to the findings of Kim et al. (2010), Talebnia et al (2011). The results of the second hypothesis test depicts that there is no significant relationship among the active institutional

Table 7: Results of the H3 regression model statistical analysis

X2 significance	Chi-square	Nagelkerke R Square	Exponential %
0.000	49.016	0.232	92

Table 8: Results of the H3 regression model independent variables coefficients statistical analysis

Variable	Coefficient	Wald statistics	Wald statistics sig
Taxvar	0.806	2.461	0.027
NAMON	−0.055	0.008	0.994
NAMON*Taxvar	−15.611	2.685	0.021
Lev	−0.724	0.554	0.457
ROE	−0.838	3.258	0.026
MB	−0.009	0.004	0.951
Size	−29.589	33.406	0.000

shareholders, tax avoidance and the stock price crash risk. In other words, the active institutional shareholders have had not an impact on the relationship between the tax avoidance and the stock price crash risk that this finding is inconsistent to the findings of Kim et al (2010) and Noravesh and Ebrahimi Kordlar(2005). Also the results of the third hypothesis test depicts that there is no significant relationship among the inactive institutional shareholders, tax avoidance and the stock price crash risk. In other words, the inactive institutional shareholders have had an impact on the relationship between the tax avoidance and the stock price crash risk that this finding is inconsistent to the findings of Kim et al (2010) and Chung and Zhang (2009).

PROPOSTIONS

1- It is recommended the beneficiary departments do not avoid uncovering their firms' news and try to prevent the stock price crash risk by disclosing available information.
2- The institutional shareholders with long-term investment are recommended to pay attention to their role in transferring their firms' managers' private information and consider that such roles can aid improving the firm market value.

3- The investors and activists of the capital market are recommended to pay attention to the corporate governance as one of the criteria for evaluation and consider that the institutional shareholders role in different situations and periods can be different.

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