Evaluation the Effect of Corporate Governance on Risk Management in Accepted Companies in Tehran Stock Exchange

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Abstract: Corporate governance aims to reduce the agency problem. Now a days, this is a commonly accepted fact in the finance literature that risk management can lead to conflict between the companies' managers and shareholders. Therefore, corporate governance mechanisms are used to reduce conflicts between managers and shareholders. This study examines the effect of corporate governance structure on risk management in 134 companies listed in Tehran Stock Exchange using panel data over 2008-2013. Institutional ownership was considered as independent variable and systematic risk, liquidity risk and financial risk as dependent variables of the study. Multiple regression and Ewievs6 Software were used to test the research hypotheses. The results of the research hypotheses suggest that there is no significant relationship between systematic risk, liquidity risk and financial risk and institutional ownership. Therefore, institutional ownership could not direct risk management behavior. This could pave the way for important economic decisions for different groups of stakeholders, especially investors because the determining factors derived from troubleshooting not only helps to explain corporates behavior in the past but also provides a tool to predict the movement and future path in this area.

Key words: Corporate governance, risk management, institutional ownership, systemic risk, liquidity risk, financial risk

INTRODUCTION

With its various forms, corporate governance aims to reduce the agency problem (Yaghoobnezhad *et al.*, 2012). Solving the agency problem reassures somewhat shareholders that managers try to maximize their wealth, and thus can have a significant impact on the company efficiency. This determines division of different powers and responsibilities of the partners in the company (Rezaeie, 2004). Corporate governance structure quality reduces opportunistic management behaviors, helps the investors' interests and improves stock market performance. Since the shareholders of the entity are looking to increase their wealth and the increase in wealth results from the favorable performance of the entity, it is very important for the owners to evaluate the entity. Now a days, this is a commonly accepted fact in the finance literature that risk management can lead to conflict between the managers of the companies and shareholders. In particular, the conflict is intensified when the executives are rewarded based on the purchase of

shares. Thus, corporate governance mechanisms are used to reduce the conflicts between managers and shareholders.

Theoretical framework: Corporate governance: The 20th century is the management century and the 21st century is the governance, transparency and accountability century. Both the management and governance considers the control of the company but governance always requires the study of the fundamental objectives and legitimacy of those objectives. Corporate governance is a legal and organizational structure that exists on the internal whole of the company. Therefore, governance is a set of contracts and conventions, by which duties are legitimized and applied by legislation and support through principles and regulatory requirements of each state or government (Lewis, 2005).

Corporate governance is a concept that has been considered in organizational concepts in recent decades. According to this view, different stakeholders within and outside the organization can make decision and take

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action in a transparent context (Choudhury and Alam, 2013). Today, protection of public interest, compliance with the shareholders rights and improvement of information transparency and requirement of companies to take social responsibility are the important ideals that have been considered by various regulatory authorities and executives over the last decade. Realization of the ideals requires strict criteria and appropriate executive mechanisms, including corporate governance system that is one of the most important mechanisms (Ahmadpour and Montazeri, 2011). Corporate governance is a set of rules, culture and institutional components which determine how the institution works, what does it do, who manages it, how the controls would be applied and how the risks and results of their work are allocated (Lewis, 2005). Corporate governance leads, controls and evaluates organization and is an important component due to its stability and coordination by guiding operations towards objectives and matching by rules and provisions, contracts, policies and objectives that make it effective (Lewis, 2005).

Risk management: Major changes in the business environment such as globalization and rapid changes in technology resulted in the increased competition and difficulties in managing organizations (Vafadarnikjoo *et al.*, 2015). In complex environments, organizations need managers who consider and separate these inherent complexities when making important decisions. Effective risk management that is based on valid conceptual principles forms an important part of the decision-making process.

It can be said that the risk management is a process to identify, assess and perform control measures and rectify potential accidental risks that is certainly followed by possible consequences, damages or no change in the status quo (Babaei and Zanjani, 2006).

Statement of the problem: Risk management is accompanied by regulations and ways by which individuals (industrial and commercial) economic institutions, nonprofit institutions and government can do prospective duty to assess, control and finance the losses (Salmon *et al.*, 2015). Accordingly, risk management organizes a systematic approach to the risks. Therefore, it is constantly answering two basic questions about the future possible events. The first question is: "What will happen?" And the second one is: "What should be done?" In addition, risk Management always works to plan for dealing with possible future events.

In the existing literature, the ratio of independent members in the board of directors and duality is

introduced as internal mechanisms and institutional and real stakeholders as external mechanisms. From the perspective of agency theory, the presence of independent directors in the composition of the board of directors as independent individuals reduces conflicts of interest between shareholders and managers (Fama, 1980). According to the theory, the role of CEO should be separated from the members of the board of directors because if a person is both a member of the board of directors and responsible for CEO, he will have more influence on other board members and ultimately lead to ineffectiveness of board members to supervise and control over the actions and behavior of managing director (Jensen, 1993). However, institutional investors are professional investors that have a long-term focus than other shareholders and this makes the investors have more control over the actions and behavior of the company managers. Real investors directly affect the selection of the members of the board of directors and monitor the managers' performance (Li *et al.*, 2008). Stock concentration held by real investors reduces conflicts of interest and agency costs (Jensen, 1993).

A number of commercial institutions, especially financial institutions replace audit committee with risk management committee in order to achieve effective risk management. In such cases, the audit committee is not solely responsible for evaluating the risk management but it should also discuss practices of risk assessment and risk management. In other words, the risk management process in these institutions is developed by the audit committee. Nowadays, it is widely accepted that risk management concepts can lead to conflicts of interest between executives and corporate shareholders, especially when executives' bonuses are based on stock purchase options. It has been proved that one of the most important objectives of risk management is to maximize the welfare of the executives that conflicts with the first objective, especially when the executives receive bonuses largely based on the stock purchase option. This type of conflict can lead to governance problems.

Corporate governance and risk management are closely related and such a relationship can easily be understood. Risk management process can be improved by developing robust and suitable standards for corporate governance, and formulation of strong standards of corporate governance can be ensured by integrating risk management and internal systems.

Abor and Biekpe (2005) showed that there is a negative relationship between the board of directors' size and financial leverage and demonstrated that larger board

is generally associated with lower levels of debt. Anderson *et al.* (2003) showed that the cost of financial debt initially decreased with the increased family ownership and then increased with the increase in family ownership. He also stated that if a member is elected as CEO or managing director, the cost of financing would be more than when one is elected as CEO outside the organization. Leung and Horwitz (2010) indicated that we see better performance in the capital market in the companies with more concentration of ownership.

In similar studies, Vali Nattaj and Moattali, Sinai and Rezaeian examined the effect of financial leverage mechanisms on corporate governance and did not consider other aspects of risk management while identification of the types of risks and effectiveness of each of the risks of corporate governance provide more transparent information to improve risk management. This study attempts to fill this gap and thus explored financial risk, systemic risk and liquidity risk. Therefore, the study differs from previous research. Determination of the effect of institutional ownership on a variety of risks studied in this research help management and shareholders to use these mechanisms to reduce the risks. According to the research conducted on corporate governance mechanisms and their effect on the company and its risk management, the study also aims to investigate institutional ownership as the company's external control mechanism and its effect on the company's risk management.

Therefore, the following section presents review of the literature, research methodology and variables of the study and tests and analyzes hypotheses. Finally, findings and suggestions for further research are provided.

Literature review: Lim *et al.* (2014) studied ownership of enterprises, reform of corporate governance and timeliness of profit during 1996-2009 using panel data in 1276 Malaysian companies. The results suggested that a non-linear relationship existed between ownership concentration and delay in reporting but there is no relationship with timeliness. Domestic and Foreign companies, as the largest shareholders of price discovery, are less timely. When the delay in reporting in the period after integrating law on corporate governance in Malaysia is shorter than that of stock provisions, its impact on the timeliness of price discovery is largely insignificance. Gill and Biger (2013) investigated the impact of corporate governance on the efficiency of working capital management in 180 American industrial companies during 2009-2011 and concluded that only board size is inversely related to the cash conversion cycle, while duality of management liability, CEO turnaround as well as audit

committee of the examined companies are not significantly related to the cash conversion cycle. Thus, the results indicate the fact that corporate governance plays a very little role in improving the efficiency of working capital management in the firms. Laune and Hurwitz (2010) explored the effects of some corporate governance mechanisms on firm value during 1997 and 1998 in Hong Kong's financial crisis. Their results showed that the companies have shown better performance in the capital market when there is more concentration of ownership. The results also showed that companies with greater share ownership of independent directors face decline in stock prices. Najjar and Taylor (2008) studied the relationship between ownership structure and capital structure of the companies listed in Jordan Stock Exchange. The results showed that there is no negative significant relationship between capital structure and institutional investors. They stated that the emergence of institutional investors as owners of capital is one of the external control mechanisms affecting corporate governance. Institutional investors monitor the company implicitly by collecting information and pricing management decisions and explicitly by managing the company operations. In additin, there is a significant positive relationship between liquidity, size and structure of assets and significant negative relationship between profitability and Jordan's corporate debts explored the effect of good corporate governance on information asymmetry in the US Stock Exchange via the board independence, board activity and board structure as indicators for corporate governance. They argued that good corporate governance reduces asymmetry of information at the time of announcement of earnings. Abor and Biekpe (2005) studied corporate governance system and financial decisions of companies listed in the Ghana Stock Exchange and analyzed the relationship between corporate governance system and capital structure of Ghana's small and medium companies using regression method. The results indicated a negative relationship between board size and ratio of financial leverage and demonstrated that larger board is generally associated with lower levels of debt.

Vaez *et al.* (2014) examined the relationship between concentration of ownership and board structure and efficiency of working capital management. The hypotheses of the study were studied and tested by panel data based on data from 113 companies listed in Tehran Stock Exchange during 2006-2012. Results indicated that the level of ownership concentration has a significant negative relationship with the inventory conversion period and the cash conversion cycle. However, there is no significant relationship between receivables collection period and the course of the debt payment. In other

words, increasing the percentage of shares held by five major shareholders could lead to an increase in the efficiency of working capital management because of the high level of supervision of shareholders by reducing during the inventory conversion period and the cash conversion cycle. However, the structure of the board has no significant relationship with other criteria of working capital management, except for receivables collection period. Therefore, it can be generally said that the structure of the board does not have a significant effect on the efficiency of working capital management due to the lack of a significant relationship between board structure and cash conversion cycle as joint effect of other three indicators. This can reflects the weakness and inefficiency of the board in monitoring and controlling the working capital policies of Iranian companies. Rostami *et al.* (2016) studied the effect of the features of corporate governance on financial performance and value of 80 companies listed in Tehran Stock Exchange during 2005-2008. The results showed that the concentration of ownership and state ownership have a positive significant relationship with the corporate performance and value. Major institutional investor has a positive relationship with the value of the company and negative relationship with the company performance. CEO's duty duality has a significant negative relationship with the value of thecompany and no significant relationship with the company performance. Moreover, the corporate governance structure that contains all structural features surveyed in the study has a positive relationship with the value of the company and its performance. Vafadarnikjoo *et al.* (2015) applied an integrated gray and fuzzy cause and effect analysis approach to determine the significant components of the risk. Shojaei *et al.* (2011) studied the impact of corporate governance and audit quality on the cost of the credit of the companies listed in Tehran stock exchange. The experimental results showed that the presence of major institutional investors in the composition of shareholders and their efficient supervision have a significant reduced effect on the cost of the debt of the sample corporates while audit quality does not have such an effect. Salmon *et al.* (2015) proposed an approach, called TOPSIS, to investigate the risk. Ahmadpour and Montazeri (2011) studied the type of earnings management and the impact of firm size, ownership structure and corporate governance on it. The results indicate the use of efficient earning management. The company size and family owners are the two factors that affect the managers' tendency to choose the type of earnings management. In contrast, there is no significant relationship between independent directors, institutional shareholders and independent audit quality and directors' tendency to choose the type of earnings management.

Studies also suggest that future operating cash flow is more efficient than the changes in net income to provide a vision of future profitability. Nasrollahi *et al.* (2011) examined the relationship between corporate governance quality and information asymmetry in Tehran stock exchange.

This study considered changes in the price proposed for shares transaction during a period of declared income as an indicator for the asymmetry of information and the percentage of independent directors on the board, board size and percentage of institutional investors as a indicator for corporate governance. The debt ratio was inserted into the equation as an explanatory variable. The relationship between changes in market liquidity and corporate governance variables were investigated by Eviews Software, panel data method and GLS Method. Test results show that there is a significant negative relationship between the percentage of independent directors on the board and percentage of ownership of institutional investors and information asymmetry. However, there is a significant positive relationship between the debt ratio and the information asymmetry but a significant relationship does not exist between board size and asymmetry of information.

Hypotheses of the study:

H_1: There is a significant relationship between institutional ownership and systemic risk.

H_2: There is a significant relationship between institutional ownership and liquidity risk.

H_3: There is a significant relationship between institutional ownership and financial risk.

MATERIALS AND METHODS

This research is an empirical study that was conducted by library studies. Numerous Latin and Persian articles taken from the Internet, libraries and specialized journals and theses were used to gather information needed for the study and databases of Rahavar Novin and Tadbirpardaz Software, CD's of financial statements of the companies listed in Tehran Stock Exchange and the website www.rdis.ir were employed to test the hypotheses.

Instruments of the study: Financial statements of companies, including balance sheets, profit loss statement, cash flow statement and notes accompanying the financial statements at the end of each financial year (19 March) were used as the instruments of the study. Moreover, 6 Eviews and Excel were used to process, sort and prepare data.
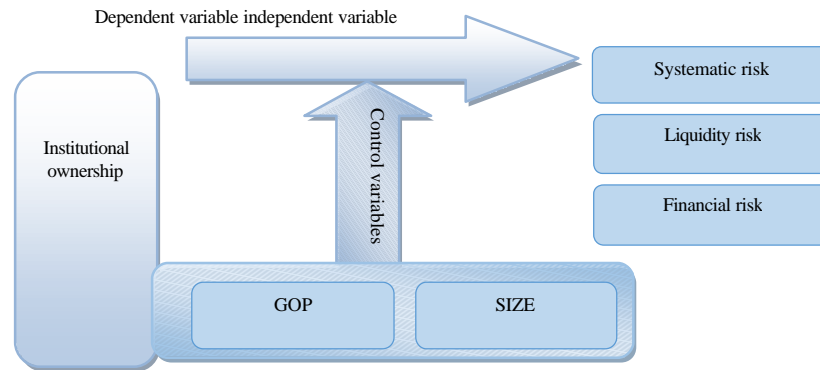
Fig.1: Conceptual model of the study

Table 1: Population, sample size and period of the study

Variables	Companies
Companies that completely attended Stock Exchange during 2008-2013	416
Companies with financial year ending by 19 March	89
Companies that have not changed their fiscal year	47
Companies with incomplete financial information	146
Total deductions	282
The statistical population	134

Applying the above conditions and restrictions, 134 companies were selected as the population of the study through systematic removal and all these companies were chosen as the sample of the study. Research period is 6 years. Therefore, final sample size of 804 years- company (6 : 134).

Table 2: Measurement methods of variables of the study

Type of variable	Operational definition of the variables	Calculation of the variables
Dependent	Systematic risk	$\beta_i = \dfrac{COV_{(i,m)}}{VAR_{(m)}}$
		Liquidity risk
	Liquidity risk = Current	
		Assets/Current liabilities
Independent	Financial risk	$Financial\ risk = \dfrac{Total}{DEBT}$
		OWN
	$OWN_{it} = \dfrac{Shares\ held\ by\ public\ and\ private\ companies}{Total\ shares}$	
Control		Size
	SIZE = Natural logarithm of equity	
		Profitability (GOP)
	$Gross\ operating\ profit = \dfrac{Operating\ profit_{i,t}}{Total\ assets_{i,t}}$	

Population, sample size and period of the study: Companies listed in Tehran Stock Exchange over the period 2008-2013 were considered as the population and sample of sthe study has been derived among these companies with the following conditions; with regard to the following restrictions, the elimination sampling method was used to select the companies:

- Each company's financial year should be ended by 19 March of each year
- The company should not change its financial period over the year
- The company has information needed to calculate the variables

Total statistical population is 416 stock exchange companies which have been chosen as the sample of the population (Table 1). Finally, 134 companies were continuously selected as the study population for six consecutive years.

The model of the study

The model of testing the first hypothesis model: To test the second hypothesis, systematic risk was considered as dependent variable, institutional ownership as independent variable and the company size, business risk and profitability as the control variables of the study shown in Table 2 and Fig.1.

Table 3: Results of F-Limer test

Hypotheses	F-Limer test	Probability	p-value	Result
H_1	0.03	0.99	P=0.05	Integrated data
H_2	0.46	0.80	P=0.05	Integrated data
H_3	0.75	0.58	P=0.05	Integrated data

Table 4: Results of data analysis of the testing of the first main hypothesis

Variables	Coefficient	SD	t-student statistic	Sig.
C	28171.1	9180.386	3.06	0.0022
OWN	3179.7	2528.821	1.25	0.2000
SIZE	-1083.9	639.008	-1.69	0.0900
GOP	-26919.1	7603.916	-3.45	0.0000

Durbin-Watson statistic = 1.86; Adjusted R^2 = 0.015; Prob (F-statistic) = 0.000

$$\text{Systematic risk}_{it} = \beta_0 + \beta_1 OWN_{it} + \beta_2 SIZE_{it} + \beta_3 GOP_{it} + \varepsilon_{it}$$

OWN_{it} = Institutional ownership
$SIZE_{it}$ = Size
GOP_{it} = Profitability
β_{it} = Error of the model

The model of testing the second hypothesis model: To test the second hypothesis, liquidity risk was considered as dependent variable, institutional ownership as independent variable and the company size, business risk and profitability as the control variables of the study:

$$\text{Systematic risk}_{it} = \beta_0 + \beta_1 OWN_{it} + \beta_2 SIZE_{it} + \beta_3 GOP_{it} + \varepsilon_{it}$$

The model of testing the third hypothesis model: To test the third hypothesis, financial risk variable was considered as the dependent variable, institutional ownership as independent variable and the company size, business risk and profitability as the control variables of the study:

$$\text{Financial risk}_{it} = \beta_0 + \beta_1 OWN_{it} + \beta_2 SIZE_{it} + \beta_3 GOP_{it} + \varepsilon_{it}$$

RESULTS AND DISSCUSION

The question that often arises in applied studies is whether there is evidence indicating data integration or the model is different for all cross-sectional units. Therefore, it should be determined whether there is heterogeneity between sections or individual differences. If there is heterogeneity, the panel data is used; otherwise, the integrated data approach with Ordinary Least Square (OLS) method is used to estimate the model.

- H_0: Integrated data
- H_1: Panel data

For this purpose, F-Limer test and Hausman, if needed would be used to test each hypothesis (Table 3).

F-Limer test: As p-value obtained from F-Limer test is > 0.05 in all hypotheses, the null hypothesis is approved, method of data compilation is accepted and thus we do not need to use Hausman test.

The first main hypothesis: The first hypothesis is formulated as follows: There is a significant relationship between institutional ownership and systemic risk. To test this hypothesis, the null and first hypotheses are formulated as follows:

- H_0: There is no significant relationship between institutional ownership and systemic risk
- H_1: There is a significant relationship between institutional ownership and systemic risk

According to Table 4 results of the regression model test, p value of F-statistic that indicates the significance of total regression is equal to 0.000 and showes that the model is significant at 95% confidence level. Adjusted coefficient of determination (R^2) is equal to 0.015 and indicates that approximately 15% of the changes in dependent variable could be explained by independent variables of the model. Moreover, Durbin-Watson statistic is equal to 1.86 that represents no autocorrelation between variables on the range 1.5-2.5.

As shown in Table 5, the independent variable coefficient of institutional ownership is 3179.7and its' significance value (Prob) is equal to 0.20. According to the t-statistic and p-value of this variable, the results showed no significant coefficient at 5% level of error. These findings show that there is no significant relationship between institutional ownership and systemic risk of the companies listed in Tehran Stock Exchange.

Table 5: Results of data analysis of the testing of the second major hypothesis

Variables	Coefficient	SD	t-student statistic	Sig.
C	2.170	0.3215	6.747	0.00
OWN	0.001	0.0885	0.013	0.98
SIZE	-0.043	0.0223	-1.960	0.05
GOP	0.670	0.2663	2.516	0.01

Durbin-Watson statistic = 1.56; Adjusted R^2 = 0.050; Prob (F-statistic) = 0.000

Table 6: Results of data analysis to test the third main hypothesis

Variables	Coefficient	SD	t-student statistic	Sig.
C	0.5750	0.098640	5.8379	0.000
OWN	-0.0180	0.027170	-0.6860	0.490
SIZE	-0.0006	0.006860	-0.0880	0.920
GOP	-0.2640	0.081703	-3.2390	0.000

Durbin-Watson statistic = 1.62; Adjusted R^2 = 0.055; Prob (F-statistic) = 0.000

Thus, null hypothesis of the study is accepted and the first hypothesis of the study based on the significance of the hypothesis is rejected.

Testing the second hypothesis: The second hypothesis is defined as follows: The second hypothesis: there is a significant relationship between institutional ownership and liquidity risk:

$$\text{Liquidity risk}_{it} = \beta_0 + \beta_1 OWN_{it} + \beta_2 SIZE_{it} + \beta_3 GOP_{it} + \varepsilon_{it}$$

To test this hypothesis, null and first hypotheses of the study are formulated as follows:

- H_0: There is no significant relationship between institutional ownership and liquidity risk
- H_1: There is a significant relationship between institutional ownership and liquidity risk

According to the results of the regression model test, p value of F-statistic that indicates the significance of total regression is equal to 0.000 and shows that the model is significant at 95% confidence level. Adjusted coefficient of determination (R^2) is equal to 0.015 and indicates that approximately 15% of the changes in dependent variable could be explained by independent variables of the model. Moreover, Durbin-Watson statistic is equal to 1.56 that represents no autocorrelation between variables at the range 1.5-2.5.

As shown in Table 6, the independent variable coefficient of institutional ownership is 0.001 and its' significance value (Prob) is equal to 0.98. According to the t-statistic and p-value of the variable, the results showed no significant coefficient at 5% level of error. These findings show that there is no significant relationship between institutional ownership and liquidity risk of the companies listed in Tehran Stock Exchange. Thus, null hypothesis of the study is accepted and the first hypothesis of the study based on the significance of the hypothesis is rejected.

Testing the third hypothesis of the study: The third hypothesis of the study is formulated as follows:

$$\text{Financial risk}_{it} = \beta_0 + \beta_1 OWN_{it} + \beta_2 SIZE_{it} + \beta_3 GOP_{it} + \varepsilon_{it}$$

There is a significant relationship between institutional ownership and financial risk. In order to test the hypothesis, null and first hypotheses of the study are formulated as follows:

- H_0: There is no significant relationship between institutional ownership and financial risk
- H_1: There is a significant relationship between institutional ownership and financial risk

According to the results of the regression model test, p value of F-statistic that indicates the significance of total regression is equal to 0.000 and shows that the model is significant at 95% level of confidence. Adjusted coefficient of determination (R^2) is equal to 0.055 and indicates that approximately 55% of the changes in dependent variable could be explained by independent variables of the model. Moreover, Durbin-Watson statistic is equal to 1.62 that represents no autocorrelation between variables at the range 1.5 -2.5.

As shown in Table 6, the independent variable coefficient of institutional ownership is -0.018 and its' significance value (Prob) is equal to 0.49. According to the t-statistic and p-value of the variable, the results showed no significant coefficient at 5% level of error. These findings show that there is no significant relationship between institutional ownership and financial risk of the companies listed in Tehran Stock Exchange. Thus, null hypothesis of the study is accepted and the first hypothesis of the study based on the significance of the hypothesis is rejected.

CONCLUSION

This study aims to investigate the effect of corporate governance on risk management of company. The

existence of a risk to any company is normal and natural; therefore, reflection and risk reporting are also considered commonplace and totally are in favor of the company. As investors ranging from stockholders and creditors with the knowledge of company risk, will have more confidence to the company, they expect that profit or interest will be decreased.

Corporate governance would affect policies and objectives of risk management. The greater the percentage of institutional owners, the greater the number of activities against the risk will be. The results of the testing of research hypotheses in the 134 companies listed in Tehran stock exchange indicate that there is no significant relationship between systemic risk, liquidity risk and financial risk and institutional ownership. Therefore, institutional ownership could not direct the conduct of risk management. With regard to the insignificance relationship between institutional ownership and risk management, it is recommended that managers and shareholders pay attention to other corporate governance mechanisms. It is hoped that the results of the study pave the way for important economic decisions for different stakeholders, especially investors.

LIMITATIONS

Limitations of the study are provided so that the results are interpreted with greater caution. The most important limitations of the study are as follows:

- Due to some selection criteria (such as fiscal year ended by March, unchanged fiscal year, etc.) in the selection of the companies as well as incomplete data of some companies and removal of some banks, financial institutions and financial investment (due to the different nature of their activities from other business units), the number of the surveyed companies fell to 134 companies. Therefore, generalization of the results to other companies in the related industry should be done cautiously
- Another limitation of the study is the specific characteristic of quasi-experimental research based on uncontrolled factors affecting the results, including the effects of variables such as economic factors, political conditions, and the status of global economy and so forth that cannot be controlled by the researcher and may affect the results.

SUGGESTIONS

Practical suggestions: Relationship between institutional ownership and systemic risk, liquidity risk and financial risk, other corporate governance mechanisms such as management ownership, chairman-CEO duality and so forth in order to control and manage risks. According to the results of the test of the first hypothesis, systemic risk could be reduced by optimal portfolio selection.The second hypothesis states that there is no significant relationship between institutional ownership and liquidity risk. It is suggested that budgets of cash and concentration on cash flow of the company are used in order to control liquidity risk. The third hypothesis discusses that company manages its financial risk by exercising greater control over the choice of financing methods.

Suggestions for further research: According to the study, information resources of the topic of the study and with regard to the findings of the study, some suggestions are made for further research.The findings of the study could be a direction for new areas of research, including:

- Evaluation of the relationship between risk management and other corporate governance mechanisms
- Evaluation the relationship between risk management and corporate governance mechanisms with regard to business strategies
- Iteration of the study by separating industries
- Repeated research on non-stock exchange companies and comparison of the results with the results of this study

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